

SUSTAINABILITY

REPORT

**CONSOLIDATED
NON-FINANCIAL
STATEMENT**

PURSUANT TO
LEGISLATIVE DECREE 254/2016

**YEAR
2020**

COMER INDUSTRIES S.p.A.

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LETTER TO STAKEHOLDERS

With this document we want to report and share with all our stakeholders **Comer Industries' commitment to sustainability and social responsibility**. In fact, we firmly believe that preserving our planet, for us and for future generations, and taking care of our communities call us to a concrete and daily commitment.

OUR COMMITMENT TO SUSTAINABILITY

Aware of this responsibility we first decided to embrace, with the Our Bright Impact project, the 17 UN Global Goals for Sustainable Development. With a **program of concrete and tangible actions** and a precise goal: to combine environmental protection, development of the communities where Comer Industries operates and healthy economic growth.

And even in a more challenging year than others, such as 2020, Comer Industries has strengthened its commitment to sustainability: the **reduction of energy consumption and the fight against climate change** continue to be our focus. For this reason, this year our system of photovoltaic equipment has been further expanded with a new installation and, at the same time, a plan has been launched to gradually increase the share of electricity supplied from certified renewable sources.

Added to this is the contribution to environmental protection provided by research and development, which saw us committed to implementing new products for the production of green energy, particularly for the wind sector. We have continued our commitment to the development of **innovative and sustainable products**, through solutions for hybrid or fully electric-powered applications, working alongside some of the world's largest industrial groups in electrification processes.

In 2020 Comer Industries also supported **innovation** through its participation in the Le Village by Crédit Agricole project in Parma, an incubator that promotes knowledge and interaction between start-ups and financial and industrial realities in the area for mutual development and exchange opportunities.

Beyond the contingent situation that we are all aware of, strictly and accurately managed by Comer Industries, in 2020 the three-year process for development and certification of the Health and Safety Management System according to ISO 45001:2018 was completed with the alignment of **all the Group's production sites to the highest standards in terms of safeguarding workers' health**.

Involvement in sustainability and compliance with the rules, which, starting in 2020, has also extended outside the Company perimeter through **engagement activities of the supply chain** with respect to the priority objectives of sustainability and performance assessment.



OUR COMMITMENT TO TRAINING

Together with environmental sustainability and health protection, training is also central to Comer Industries, in the belief that **knowledge is the real factor of competitive advantage for our economic framework and our Company**. For the third year running we supported “UniMoRe 2020”, the project to turn the former Seminary of Reggio Emilia into a university campus. In 2020, in collaboration with the Universities of Modena and Reggio Emilia and Parma, we launched courses on topics related to Lean Management and mechanical design, completed the first year of the three-year Education Lab course, in partnership with SDA Bocconi School of Management, and organized technical courses for the growth of Supply Chain skills that also involved our suppliers.

We would like to dedicate a special note, however, to the inauguration of Vidya Home, an accommodation for students in Bangalore, where ten girls from disadvantaged families have the opportunity to graduate in nursing at one of the best universities in India and pursue their dream of finding a job and escape from poverty. A project strongly pursued and implemented with the aim of **supporting the local communities** in the areas where Comer Industries operates.

FUTURE PROJECTS

This is a time for weighing things up, but also a time for launching ourselves into new challenges.

*In terms of our commitment to the use of clean energy, by 2021 we have set ourselves the goal of supplying the entire electricity needs of the Matera plant **exclusively from renewable sources**. A commitment that will continue with the expansion of the project throughout the Company.*

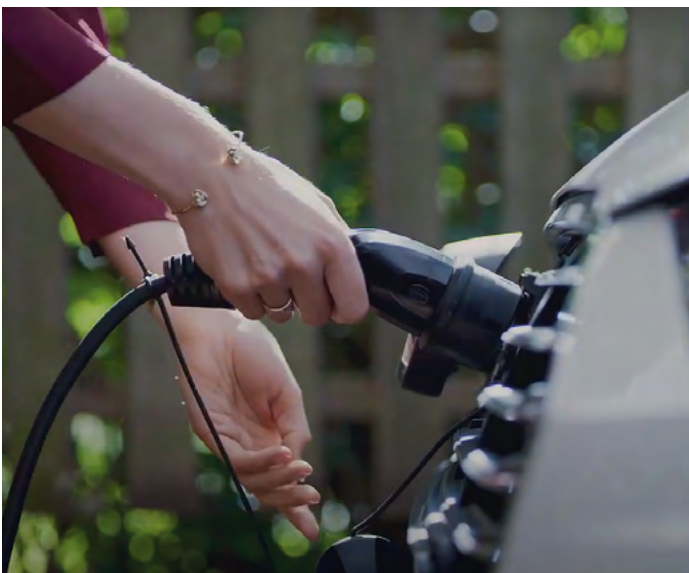
*We are determined to significantly reduce the **carbon footprint** of our employees' commuting to work. We are already working to introduce hybrid and full electric vehicles and will actively promote carpooling.*

*Not forgetting, on the issue of environmental sustainability, our commitment to continue the roadmap for **integrating sustainability into the corporate strategic plan**. In fact, the new industrial plan 2021 - 2023 involves the introduction of new equipment with high technological content both in terms of productivity and the reduction of energy consumption, natural resources and emissions.*

We are also working on digitalization projects in order to optimize resources, the coordination of industrial activities and the reduction of waste, applying the logic of "Industry 4.0".

*Further actions that we are putting in place are linked to the **improvement of internal logistics flows**, through the adoption of **electrical systems for automatic handling** aimed at reducing road transport and optimizing space and the technological renewal of printers and copiers. The goal is to reduce paper waste and environmental impacts by introducing the exclusive use of recycled paper and increasing the security levels of the printing processes. At the same time, we will continue engaging the entire supply chain on sustainability issues.*

*With regard to **smart working**, we are ready to make strong choices that have a positive impact on the lives of our people. In fact, we want the current quota of workers involved in flexible working, which for extraordinary reasons*



is around 30-40%, to be formalized also for the future; attention to new work dynamics must become a cultural and distinctive element of working in Comer Industries.

Lastly, we are thinking of creating a **Mechanics Atelier** in a historic location in Reggio (RE), the headquarters and production plants in northern Italy, that reproduce "The Languages of Gears", the Atelier which will be opened in early 2021 at the Loris Malaguzzi International Center in Reggio Emilia. **A place dedicated to training and education, of high quality and available for everyone**, where the immense wealth of knowledge in the field of mechanics that Comer Industries acquired in fifty years of research and development activities can be made available to current and future generations. A contribution to the reconstruction of an area still bearing the signs of the 2012 earthquake.

Concrete actions, arising from the new vision of what is now Comer Industries' mission. In 2020, we redefined our **Company purpose** and summed it up in the concept of "**Unconventional Makers**". Comer Industries has decided to **commit concretely to change people's lives, making access to sustainable food, houses, roads and energy easier**.

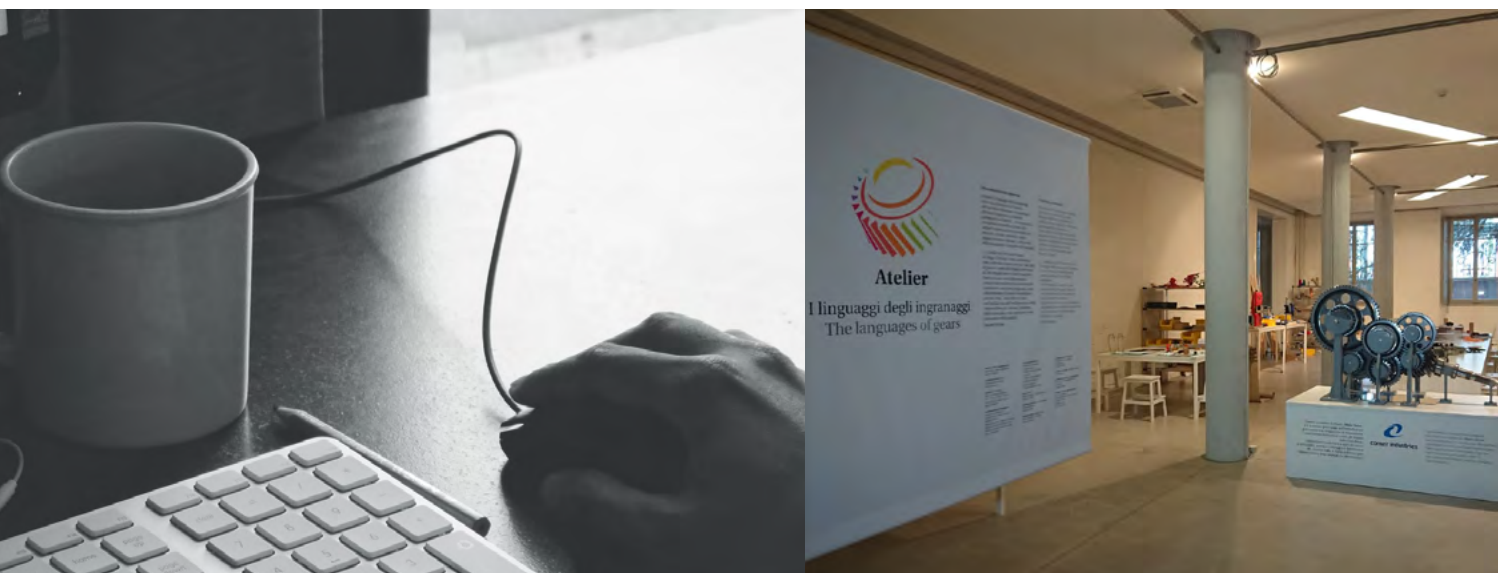
We want to thank all those who have allowed Comer Industries to achieve these results and, with their everyday work, contribute to making the Earth a better place for future generations.

Designing and manufacturing is our history.

Designing and manufacturing in a sustainable way is the present of Comer Industries.

Acting concretely, day by day, with new ideas, to preserve the economic balance of our business while building a brighter world for generations to come, is our future.

Matteo Storchi
President & CEO



HIGHLIGHTS



ENVIRONMENTAL

ENERGY CONSUMPTION (GJ/h * 1,000)

-4%

2020 145



2019 151

EMISSIONS (t CO₂e *10,000 - SCOPE 1 + SCOPE 2 MARKET BASED)

-9%

2020 118



2019 130

WASTE GENERATED (t)

-5%

2020 4,783



2019 5,051

HAZARDOUS WASTE (t)

-17%

2020 1,242



2019 1,497



SOCIAL

EMPLOYEES (UPDATED ON 12.31)

+6%

2020 1,410



2019 1,336

TRAINING HOURS PER EMPLOYEE

=

2020 23



2019 23

WORK RELATED INJURIES (INJURIES / h*200,000)

-4%

2020 1.79



2019 1.87

EMPLOYEES COVERED BY THE MANAGEMENT SYSTEM ACCORDING TO ISO 45001

+71%

2020 99%



2019 58%



ECONOMICAL

TURNOVER
(M€)

-2%

2020 396.2



2019 404.6

EBITDA
[ADJUSTED] (M€)

+11%

2020 50.1



2019 45.0

NET FINANCIAL DEBT
[ADJUSTED] (M€)

-30 M€

2020 -26.7



2019 2.9

CAPEX
(M€)

-26%

2020 11.7



2019 15.9

METHODOLOGICAL NOTE

Comer Industries S.p.A. (hereinafter referred to as “Comer Industries”, the “Comer Industries Group”, the “Group”) is a Company listed on the AIM multilateral trading system of the Italian Stock Exchange and therefore does not fall under the obligations provided for by the provisions of Leg. Decree 254/2016 (“Decree”) implementing Directive 2014/95/EU (“Non-Financial Reporting Directive”). However, Comer Industries has decided, as a manifestation of its commitment to a sustainable business model and “accountability” towards its stakeholders, to voluntarily comply with the provisions of Leg. Decree 254/2016. Accordingly, this Sustainability Report takes the name of Consolidated Non-Financial Statement (hereinafter also “Non-Financial Statement or “NFS”) pursuant to the Decree.

The Non-Financial Statement of the Comer Industries, relating to the financial year 2020 has therefore been prepared in compliance with articles 3 and 7 of the Decree, and contains information relating to environmental, social, personnel-related, respect for human rights and the fight against corruption, useful to ensure an understanding of the activities carried out by Comer Industries, its performance, its results and the impact produced by them. With regard to the information required by Art 3, paragraph 2 of Leg. Decree 254/16 it should be noted that data and information related to air emissions other than greenhouse gas emissions were not included in the reporting boundary. Comer Industries plants carry out measurements based on single environmental authorization requirements and the information will be reported starting from the next reporting year.

The NFS has been prepared by reporting on a selection of the “GRI Sustainability Reporting Standards” published by the Global Reporting Initiative (GRI), as indicated in the GRI Content Index of this document, according to the “Referenced” reporting option.

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

The performance indicators selected are those provided for by the reporting standards adopted, representative of the specific areas of sustainability analyzed and consistent with the activities carried out by Comer Industries and the impacts produced by it. These indicators were selected on the basis of an analysis of their relevance, as described in the section *Impacts – The materiality analysis*. This analysis, which was carried out in accordance with the GRI Standards and Legislative Decree no. 254/2016, which governs the preparation of the NFS, as part of Comer Industries’ sustainability path, will be developed and deepened in the following periods.

Quantitative information for which estimates have been used is reported in the various sections of this document. For the purposes of preparing the Non-Financial Statement, consideration was also given to the European Commission’s Communication, published in June 2019, “Guidance on the Disclosure of Non-Financial Information: Integration concerning the reporting of climate-related information (2019/C 209/01)”.

The scope of reporting of qualitative and quantitative data and information refers to the performance of the parent Company Comer Industries S.p.A. and subsidiaries, consolidated on a line-by-line basis, as resulting from the Group’s consolidated financial statements as at December 31, 2020.

With regard to the data and information relating to the Group's personnel, it should be noted that, following internal evaluations, outsourced workers are included in the total number of employees.

With reference to the perimeter of the environmental and health and safety data, it is specified that the performance of the subsidiaries *Comer Industries Inc.*, *Comer Industries do Brasil Ltda.*, *Comer Industries UK Ltd.* and *Comer GmbH* is not included, as they are not considered significant for the purpose of ensuring an understanding of the Group's business activities.

The NFS shall be drawn up on an annual basis. In order to allow for the comparison of data over time and the evaluation of Comer Industries' business performance, comparative data for the previous fiscal year 2019 have been included in this document.

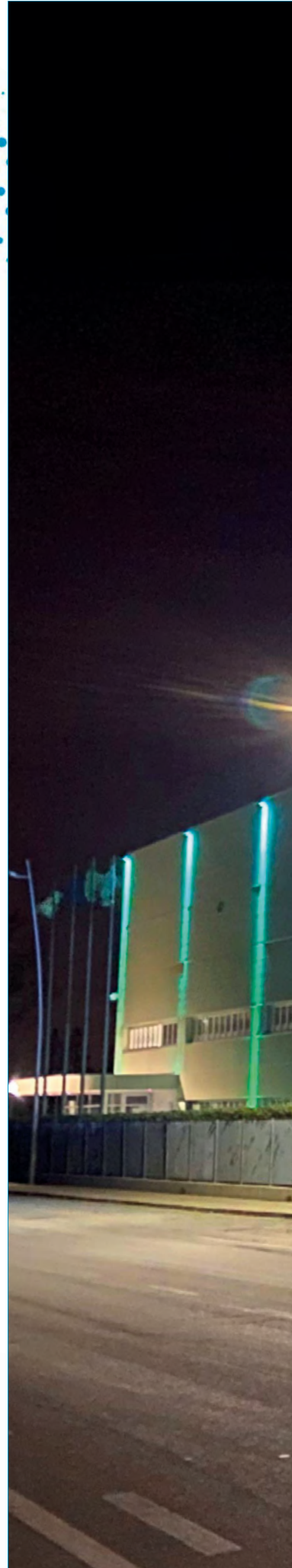
The process of drafting the sustainability report involved the heads of the various Comer Industries departments.

The Non-Financial Statement was approved by the Board of Directors of Comer Industries S.p.A. on 23 March 2021 and is the subject of a limited review ("limited assurance engagement" according to the criteria indicated in ISAE 3000 Revised) by Deloitte & Touche S.p.A. The Independent Auditors' Report is included at the end of this document.

The NFS can be downloaded from Comer Industries' institutional website at <https://www.comerindustries.com/csr>. For further information, please contact the following address: csr@comerindustries.com

CHAPTER 1

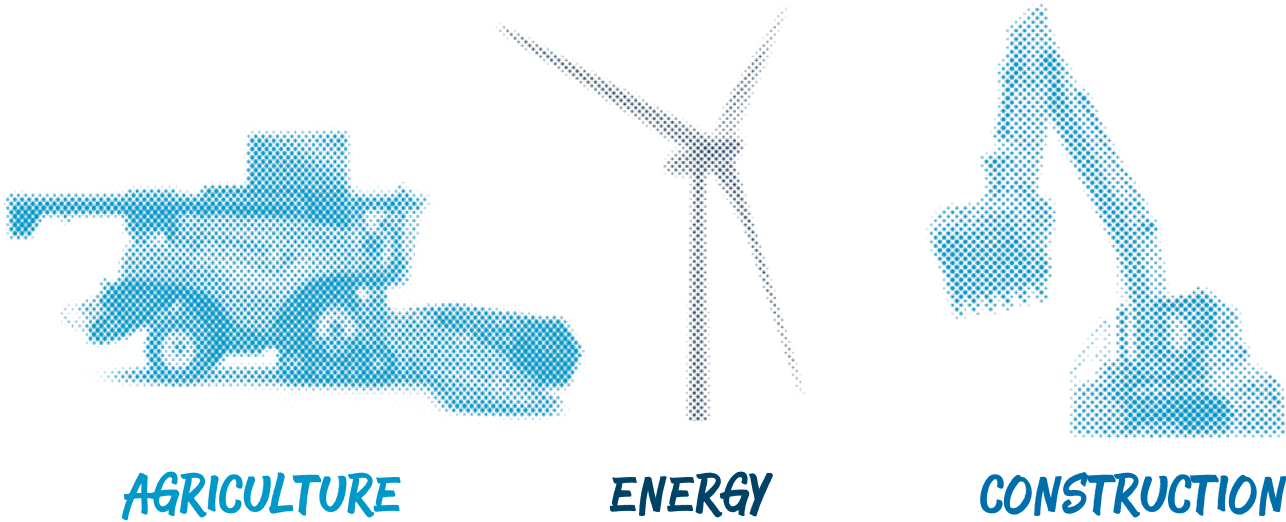
COMER INDUSTRIES



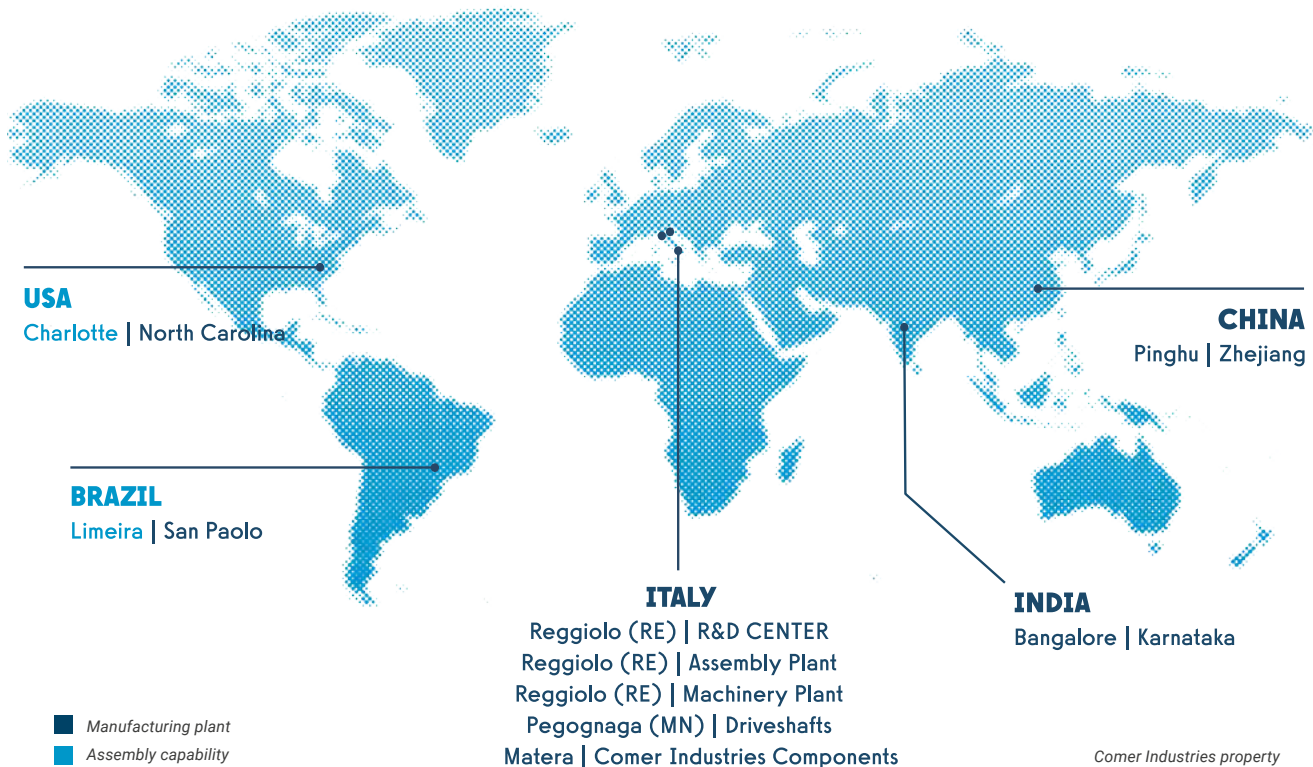


COMER INDUSTRIES GROUP

Comer Industries is the leading global leader in the design and production of advanced engineering systems and mechatronics solutions for power transmission, supplied to the agricultural, construction equipment and forestry, energy and industrial sectors.



Comer Industries operates through 7 production plants, 6 subsidiaries and 1410¹ employees.

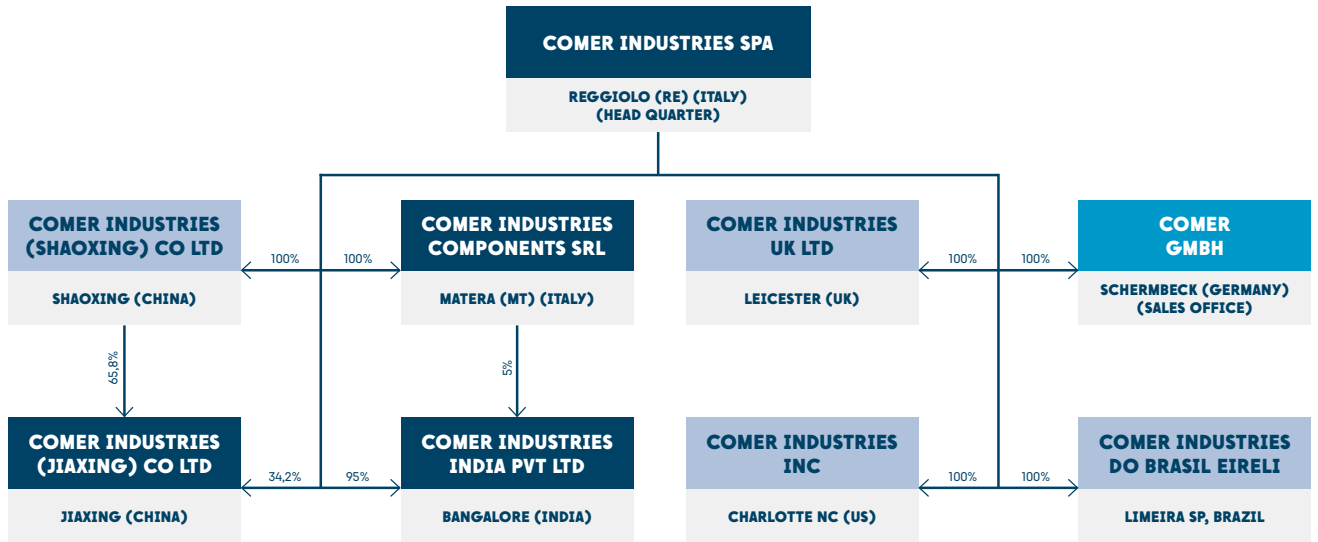


¹ Updated on 12.31.2020

GROUP STRUCTURE

As at December 31, 2020, the share capital of the parent Company Comer Industries S.p.A. was 13,350,000 euros, of which 13,109,280 euros paid-up, divided into 20,409,280 shares with voting rights, of which 71.73% were held by Eagles Oak S.r.l., and the remainder held by the market.

With reference to the ownership structure, no significant changes were reported in 2020.



■ Production company ■ Trading company ■ Sales office legal entity

Note that Comer Industries Sarl has not been included in this chart because under liquidation proceeding.

PRODUCTS AND APPLICATIONS

POWERTRAIN SYSTEMS



CONSTRUCTION EQUIPMENT
MATERIAL HANDLING
ROAD CONSTRUCTION MACHINERY



DRIVESHAFTS

FORAGE & HAY MACHINERY
AGRICULTURAL & GARDEN EQUIPMENT

PLANETARY DRIVES



MINING MACHINERY
CRANES & CONSTRUCTION EQUIPMENT
WIND TOWER GENERATORS

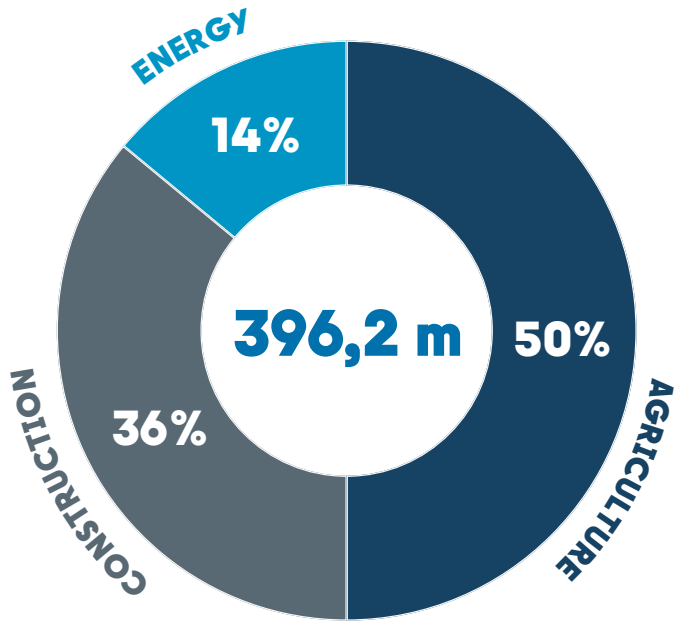


GEARBOXES

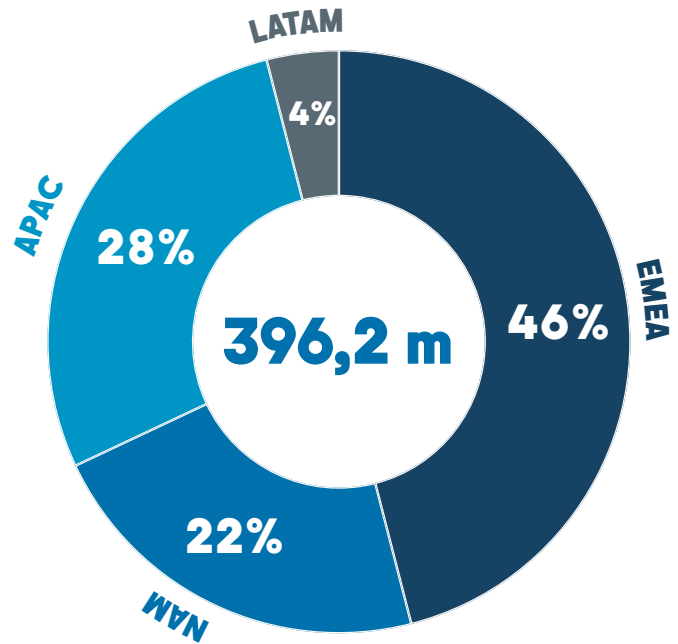
TRACTORS
COMBINED HARVESTERS & SELF PROPELLED MACHINES
AGRICULTURAL MACHINERY & GARDEN EQUIPMENT

REVENUES

Comer Industries Group revenues for the 2020 financial year stood at 396 million euros.

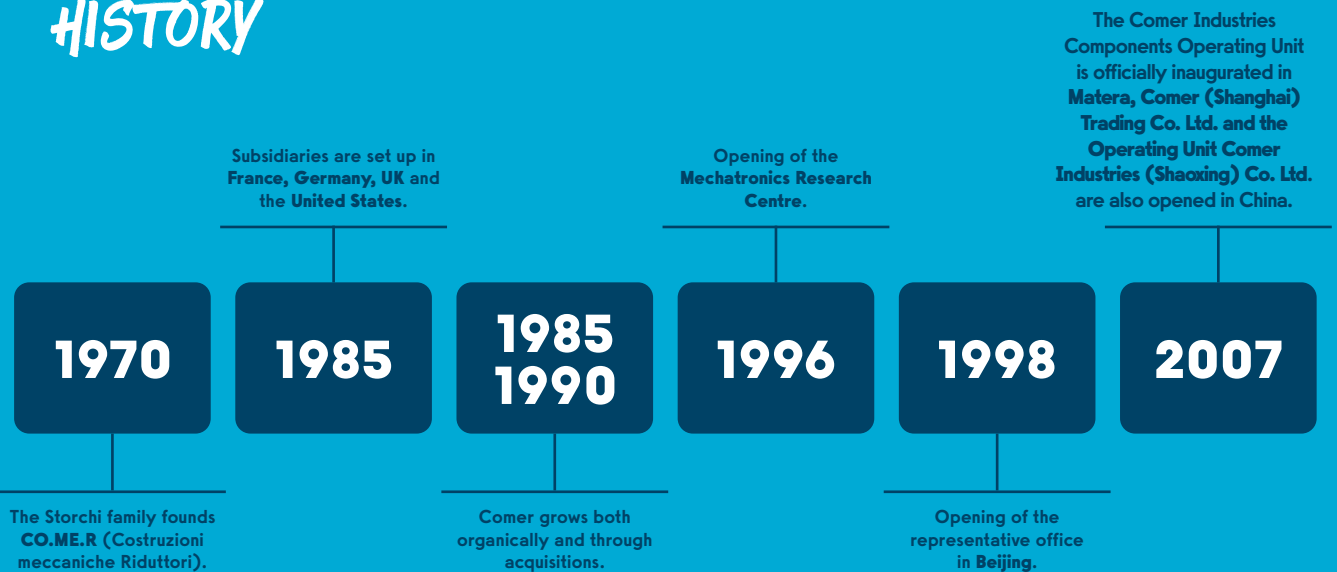


REVENUE BREAKDOWN BY SECTOR



REVENUE BREAKDOWN BY GEOGRAPHY

HISTORY



STORCHI FAMILY
FIRST GENERATION

OUR BRIGHT IMPACT

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

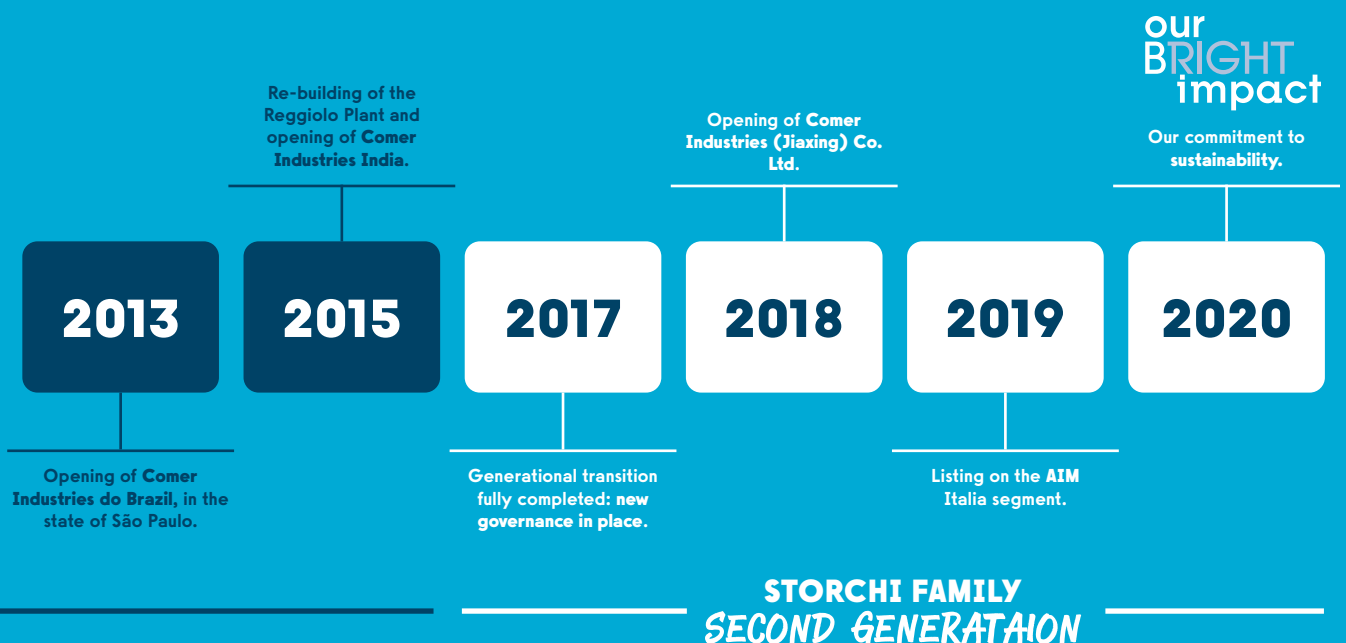
PURPOSE

In an extremely changing historical context, where it is essential to make decisions quickly, with initiative and a sense of courage, it is important to define the deepest reasons for which we operate, in a broad and long-term perspective, which takes into account not only profit but also social responsibility.

It is also for this reason that in 2020 the Company purpose was defined, which can be summarized with the concept of **UNCONVENTIONAL MAKERS**.

Comer Industries aims to change people's lives, making it easier to access sustainable food, streets, houses and energy, by developing engineering solutions, with an unconventional, active approach, through which decisions are taken quickly, with initiative and a sense of courage. This summarizes what makes Comer Industries different from its competitors and what gives substance to its work, beyond the changing competitive and global scenarios.

WE ARE UNCONVENTIONAL MAKERS



OUR VALUES

At the basis of daily choices and actions there are five values that inspire the activity of all Comer Industries' people.

PEOPLE

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

TEAMWORK

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

COMMITMENT TO STAKEHOLDERS

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

COURAGE AND PASSION

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

HONESTY AND TRANSPARENCY

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

SUSTAINABILITY IN THE STRATEGY

In defining its **industrial plan**, Comer Industries takes into account not only the economic aspects, but also the social and environmental dimension of its plans and projects. The aim of this approach is to ensure that resources are optimized and the health of its employees is safeguarded.

The new industrial plan provides for high-tech investments over the next three years, with significant positive effects both in terms of productivity and in terms of reducing energy consumption, emissions and the use of natural resources. This includes digitalization projects, coordination of industrial activities and waste reduction, applying the logic of Industry 4.0. The main projects that will affect internal production processes concern the renewal of the machinery for steel transformation and the introduction of new technologies for assembly, designed in compliance with the highest ergonomic and safety standards. A further project will aim at optimizing internal logistics flows by adopting electrical systems for automatic handling in order to reduce road transport and rationalize space. At the same time, the involvement of the entire production chain in sustainability issues will be promoted and extended.

All technical and management solutions will be designed and implemented with an **Unconventional** approach, which will allow to realize the solutions in an innovative way.

OUR COMMITMENT TO THE SDGS THE SUSTAINABLE DEVELOPMENT GOALS

Comer Industries, conscious of its responsibility towards the environment and society, is concretely committed to pursuing sustainable development, which can combine environmental protection, development of the communities in which it operates, and economic growth. The approach to sustainability as a key factor for the Company's success has taken concrete form in its endorsement to the United Nations 2030 Agenda, the 17 Sustainable Development Goals (SDGs), which are part of it, and the launch of the *Our Bright Impact* project, aimed at progressively integrating sustainability into its business model.

**our
BRIGHT
impact**
Our
commitment
to sustainability

**SUSTAINABLE
DEVELOPMENT
GOALS**

In line with this path of development and with the principles of transparency and inclusion by which it is inspired, in June 2020 Comer Industries published its first Sustainability Report referring to the 2019 financial year, for an organic and structured communication of policies, management models, initiatives and performance in terms of sustainability under the Our Bright Impact program.




After a first phase of approach to the 17 SDGs, carried out in 2019 through an information and awareness campaign among stakeholders, Comer Industries carried out an analysis of the consistency and points of convergence of its business model with respect to the 17 SDGs and underlying 169 targets. This analysis has allowed us to identify some SDGs and related targets considered as priorities and for which Comer Industries believes it can contribute more to their achievement through concrete actions. The commitment has been differentiated according to the potential impact of the actions.


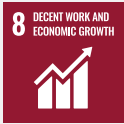




JOINING THE 2030 AGENDA AND LAUNCH OF OUR BRIGHT IMPACT PROJECT



THE LINK BETWEEN SDGs, COMMITMENT AND ACTIONS

The map of SDGs and priority targets represents the system of sustainable development drivers for Comer Industries and the framework in which the commitment to the SDGs is translated into tangible actions in the areas of **Products and Applications, Training, Processes, Partnerships, Technology and Equipment, Systems and Economic Performance**. Actions creating value for both business and society, in a framework of continuity with the spirit of concreteness and pragmatism contained in the claim *Unconventional makers*.

SDG	PRIORITY LEVEL	TARGET (SUMMARY)	IMPACT AREA	COMMITMENT AND ACTIONS
 <p>4 QUALITY EDUCATION</p>	MEDIUM	<p>4.3 Ensure equal access to affordable and quality technical, vocational and tertiary education, including university.</p> <hr/> <p>4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills for employment.</p> <hr/> <p>4.7 Ensure that all learners acquire the knowledge and skills needed to promote sustainable development.</p>	<p>TRAINING</p> <hr/> <p>TRAINING</p> <hr/> <p>PARTNERSHIP</p> <hr/> <p>PARTNERSHIP</p> <hr/> <p>TRAINING</p>	<p>Comer Academy has been active since 2008 in the coordination of managerial and technical/specialist training processes. A total of 23 training hours per employee was provided in 2020, with the value remaining the same as in 2019, in compliance with the restrictions imposed by the pandemic.</p> <hr/> <p>In 2020 the first year of the Education Lab path was completed, in collaboration with SDA Bocconi School of Management. Training has also involved suppliers, organizing technical courses for the growth of supply chain skills.</p> <hr/> <p>During 2020, the Company implemented courses in collaboration with the University of Parma and University of Modena and Reggio Emilia with particular focus on issues related to Lean Management and mechanical design.</p> <hr/> <p>Involvement of selected suppliers in the sustainable development program through engagement letter, survey on sustainability performance, introduction of sustainability criteria in vendor rating.</p> <hr/> <p>Initiatives for the dissemination of knowledge about the SDGs and Agenda 2030 and the acquisition of awareness on sustainability issues.</p>
 <p>6 CLEAN WATER AND SANITATION</p>	MEDIUM	<p>6.4 Increase water-use efficiency across all sectors to address water scarcity and reduce the number of people suffering from water scarcity.</p>	<p>PROCESSES</p>	<p>Increasing the efficient water withdrawal in painting processes. Treatment system with recirculation of wastewater from the painting process at the China factory.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	HIGH	<p>7.2 Increase the share of renewable energy in the global energy mix.</p> <hr/> <p>7.3 Double the global rate of improvement in energy efficiency.⁸</p>	<p>PARTNERSHIP</p> <hr/> <p>PRODUCTS AND APPLICATIONS</p> <hr/> <p>PROCESSES</p>	<p>Launched a program to progressively increase the percentage of electricity purchased from renewable sources. In 2021 the Matera plant will cover 100% of its needs with electricity from renewable sources.</p> <hr/> <p>For over 20 years Comer Industries has been supplying components for wind applications, contributing with its business to the energy transition and to the reduction of greenhouse gas emissions.</p> <hr/> <p>Ongoing development of projects for the progressive reduction of the intensity of energy consumed (elimination of energy losses and reduction of requirements per unit of hours worked).</p>

SDG	PRIORITY LEVEL	TARGET (SUMMARY)	IMPACT AREA	COMMITMENT AND ACTIONS
	HIGH	13.2 Integrate climate change measures into national policies, strategies and planning.	TECHNOLOGIES AND EQUIPMENT	A rate of electricity consumption is powered by 3 photovoltaic systems installed in Reggiolo and Matera that develop a total power of 1,450 kWp. In 2020, the installation of a further photovoltaic system was completed at the Matera plant, with an additional potential of about 500 kWp, bringing the share of self-produced electricity on total consumed to 9%.
	HIGH	8.1 Sustain per capita economic growth in accordance with national circumstances. 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises. 8.6 Reduce the proportion of youth not in employment, education or training. 8.8. Protect labor rights and promote safe and secure working environments for all workers.	ECONOMIC-FINANCIAL PERFORMANCE SYSTEMS	Comer Industries supports growth through its business model. In 2020 the economic value generated amounts to 399 million euros (408 million euros in 2019), of which 93% was distributed to the stakeholders. Health and Safety Management System according to the ISO 45001:2018 standard certified and integrated with the ISO 9001:2015 Quality System and the ISO 14001:2015 environmental system.
	MEDIUM	10.3 Ensure equal opportunity and reduce inequalities of outcome, promoting appropriate legislation, policies and action in this regard.	TRAINING	VIDYA HOME project with the objective of making safe housing available to deserving Indian students, accompanying them in their studies.
	MEDIUM	9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.	PRODUCTS AND APPLICATIONS	Comer Industries offers innovative solutions to major international players in the agricultural, industrial and wind power sectors with significant downstream impacts in terms of reduction of energy consumption, resources used and waste generated.
	MEDIUM	11.3 Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.		
	HIGH	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. 12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse. 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	PROCESSES	Approval cycle and monitoring of all chemicals in use. Digital systems for the management, use and updating of safety data sheets . Widespread projects at all sites to reduce the amount of hazardous waste.

INTEGRATING SUSTAINABILITY INTO THE STRATEGY THE 2021 COMMITMENT

Comer Industries' commitment to the United Nations 2030 Agenda involves a progressive integration of sustainability in the corporate strategy. To this end, Comer Industries intends to define, during 2021, medium-long term objectives concerning the various areas of sustainability that, at the same time, can represent a reference and guiding framework for strategies consistent with the business model.

IMPACTS

THE MATERIALITY ANALYSIS

THE ROLE OF STAKEHOLDERS

Stakeholders are subjects (individuals or groups) who express an interest in a company who interacts with them on an ongoing basis in carrying out its activities. According to Comer Industries, it is crucial to develop and maintain effective and long-lasting relationships with its stakeholders. Involvement and discussion with stakeholders (*stakeholder engagement*) is of great importance, not only to understand their needs, expectations and evaluations, but also to provide them with answers that can be translated into business actions capable of capturing change (potential or actual), risks and opportunities, defining objectives and facilitating the decision-making process.

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

STAKEHOLDERS	ENGAGEMENT ACTIVITIES (PROJECTS - INITIATIVES - RELATIONSHIPS)
SHAREHOLDERS	Shareholders' Meeting - Board of Directors.
BANKS AND INVESTORS	Shareholders' meeting - Investor relations activities - Website Periodic meetings and events - Press releases.
EMPLOYEES	Constant dialogue with Management - Informal and institutional meetings - Training meetings and events Company welfare initiatives - Company Intranet - Smartphone application - Performance assessment process.
TRADE UNIONS - WORKERS' REPRESENTATIVES	Periodic meetings and discussions with trade union representatives Periodic meetings to consult with Workers' Safety Representatives.
SUPPLIERS, PARTNERS AND COMMERCIAL AGENTS	Definition and sharing of standards - Business meetings and visits to the Company/suppliers Qualification or compliance audits - Communication portals - Evaluation tools and questionnaires Adherence to the Code of Ethics
CUSTOMERS	Commercial meetings and visits to the Company - Social media - Other dedicated communication channels (Customer Portals) - Evaluation tools and questionnaires - Audits and inspections.
PUBLIC ADMINISTRATION	National and local public bodies - National / local authorities - Control and regulatory bodies: meetings / sending and exchange of communications for specific requirements or requests.
COMMUNITY AND TERRITORY	Meetings with local community representatives - Company visits.
AVERAGE	Dissemination of press releases - Social media.

THE MATERIALITY ANALYSIS

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

The European Union, on the occasion of the recent publication (June 2019) of the Guidelines on Climate Change Disclosures (NFRD / Non Financial Reporting Directive - Directive 95/2014) identified material issues as those areas of sustainability that can have significant impacts on the development, economic performance and financial position of the Company. At the same time, a material theme is defined in relation to the areas and issues of a social and environmental nature on which the Company, through its activities, can have a significant impact. The two "directions" of materiality ("dual materiality"), reflecting a dynamic frame of reference, are interconnected.

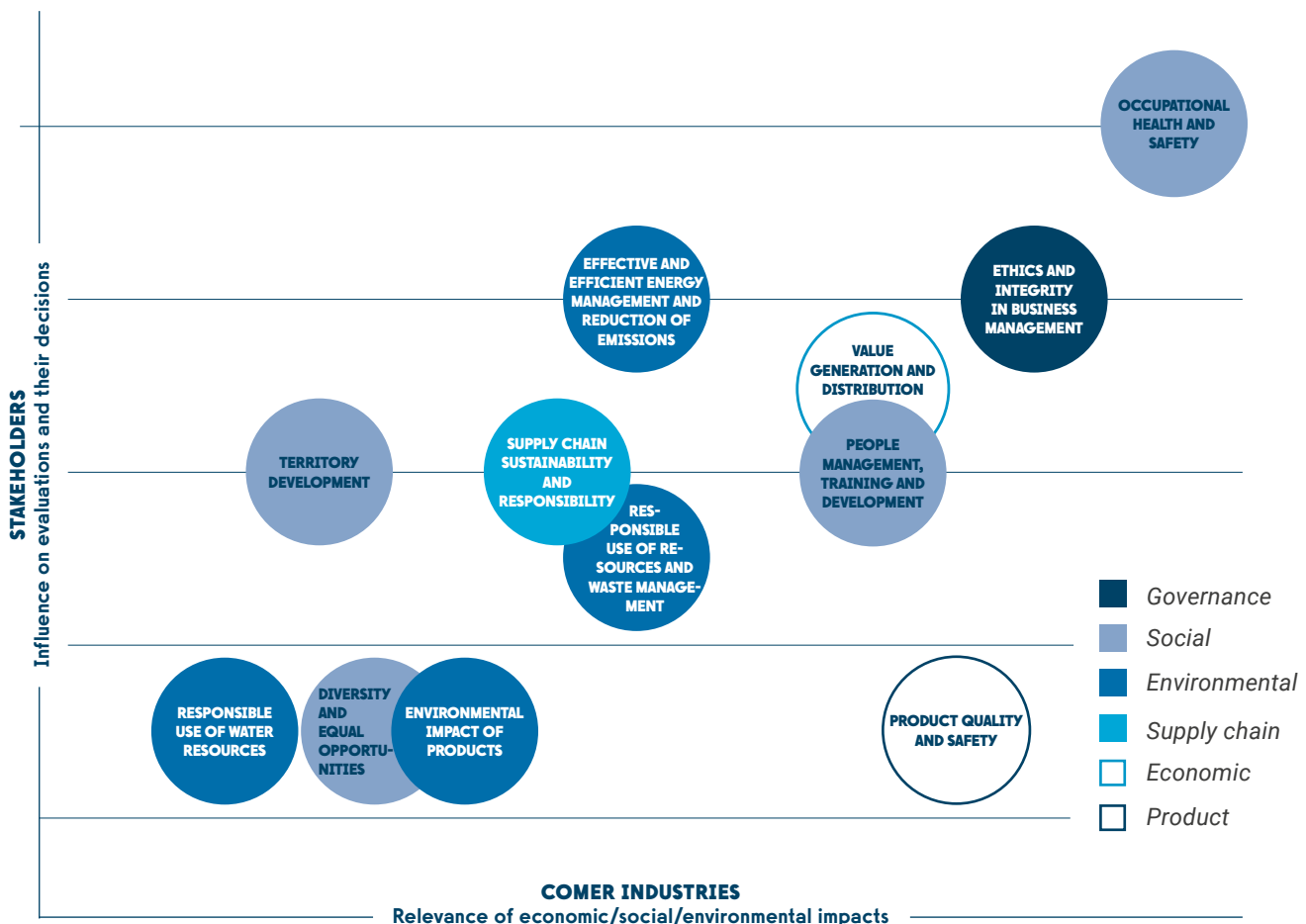
According to an approach that assesses their relative priority, not all material aspects are of equal importance. For the purpose of drawing up this document, taking into account the reporting option adopted (*GRI Referenced*) and as part of its sustainability path, Comer Industries has carried out a materiality analysis, which will be developed and deepened in the following periods. This analysis was carried out in accordance with the GRI Standards and Legislative Decree no. 254/2016, which governs the preparation of the NFS.



THE MATERIALITY ANALYSIS PROCESS

1. Stakeholder mapping.
2. Benchmarking analysis
 - Sector - Sustainability reporting of national and international comparables;
 - SASB (Sustainability Accounting Standards Board) Materiality Map - Industrial Machinery and Goods.
3. In-house workshops and specific surveys with the heads of Comer Industries departments on the business and operating model and Company priorities. This activity was also carried out in order to ascertain the expectations and evaluations of the reference stakeholders of the various Company departments.
4. Stakeholders
 - Customers - analysis of documentation relating to customer requests (such as self-assessment questionnaires on performance) and related feedback received from the same customers, also in the form of ratings or score cards;
 - Employees - Results of a specific survey on the assessment of relevant issues that involved all Group employees.
5. Validation of materiality issues and priority level by Comer Industries top management (CEO and Executives).

The analysis, carried out in the second half of 2020, led to the identification of the material issues represented in the chart (materiality matrix), which provides a summary representation and an overall view of the issues, in relation to their impact, taking into account the assessments and interests of stakeholders.






comer industries

The following table shows, for each material issue, the reasons and areas of impact, the connection with the areas of Legislative Decree no. 254/2016, which governs the preparation of the NFS and the Indicators (GRI Standards) used for reporting. The different material topics identified have a different impact perimeter, but generally across multiple stakeholders.

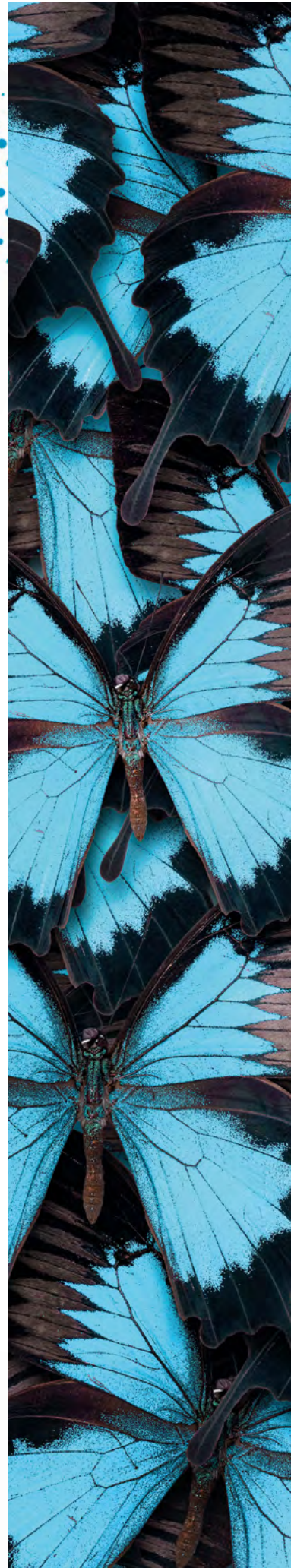
MATERIAL TOPIC	IMPACTS AND MOTIVATIONS / RELEVANCE OF THE TOPIC	PERIMETER		STAKEHOLDERS INVOLVED	REFERENCE AREAS LEG. DECREE 254/2016	GRI STANDARDS
		IMPACT	INVOLVEMENT			
GOVERNANCE						
Ethics and integrity in business management.	Comer Industries and its stakeholders consider the compliance and application of the Code of Ethics, regulatory compliance and integrity in business management as fundamental for the generation of value in the short, medium and long term.	Comer Industries.	Generated by the Group.	Shareholders, Banks and Investors, Public Administration.	Fight against active and passive corruption. Respect for human rights.	GRI 205-3 GRI 206-1 GRI 207-1 GRI 207-2 GRI 307-1 GRI 406-1 GRI 418-1 GRI 419-1
SOCIAL						
Occupational health and safety.	Comer Industries pursues its business development objectives with the utmost attention to the health and safety of workers. In order to create a safe working environment, it systematically assesses the dangers and risks associated with its activities and those of all those involved and implements consequent measures. This approach is a guarantee of continuity in business relations and reliability also for its partners, first and foremost customers and suppliers.	Comer Industries employees ¹ .	Generated by the Group.	Employees, Trade Unions and Workers' Representatives.	Employees.	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-7 GRI 403-8 GRI 403-9
People management, training and development.	The acquisition of the necessary professional skills and the growth of people are a fundamental requirement for the achievement of Company results. Comer Industries applies specific management models to implement training processes, which are also recognized by its stakeholders.	Comer Industries employees.	Generated by the Group.	Employees, Trade Unions and Workers' Representatives.	Employees.	GRI 401-1 GRI 404-1 GRI 404-3
Territory development.	The responsibility and will to implement tangible actions to promote sustainable development in the area in which it operates is rooted in Comer Industries' business model.	Comer Industries, Suppliers, Local Communities.	Generated by the Group and related to the Group through its commercial relationships.	Community and territory.	Social.	GRI 204-1
Diversity and equal opportunities.	Comer Industries intends to pursue its objectives in full compliance with the principles of inclusion and non-discrimination. In all the Group's offices, in the production contexts and in all the Company areas, integration between people from different cultures and geographical areas is encouraged and enhanced as an element of growth and mutual enrichment.	Comer Industries employees.	Generated by the Group.	Employees, Trade Unions and Workers' Representatives.	Employees. Respect for human rights.	GRI 405-1 GRI 406-1

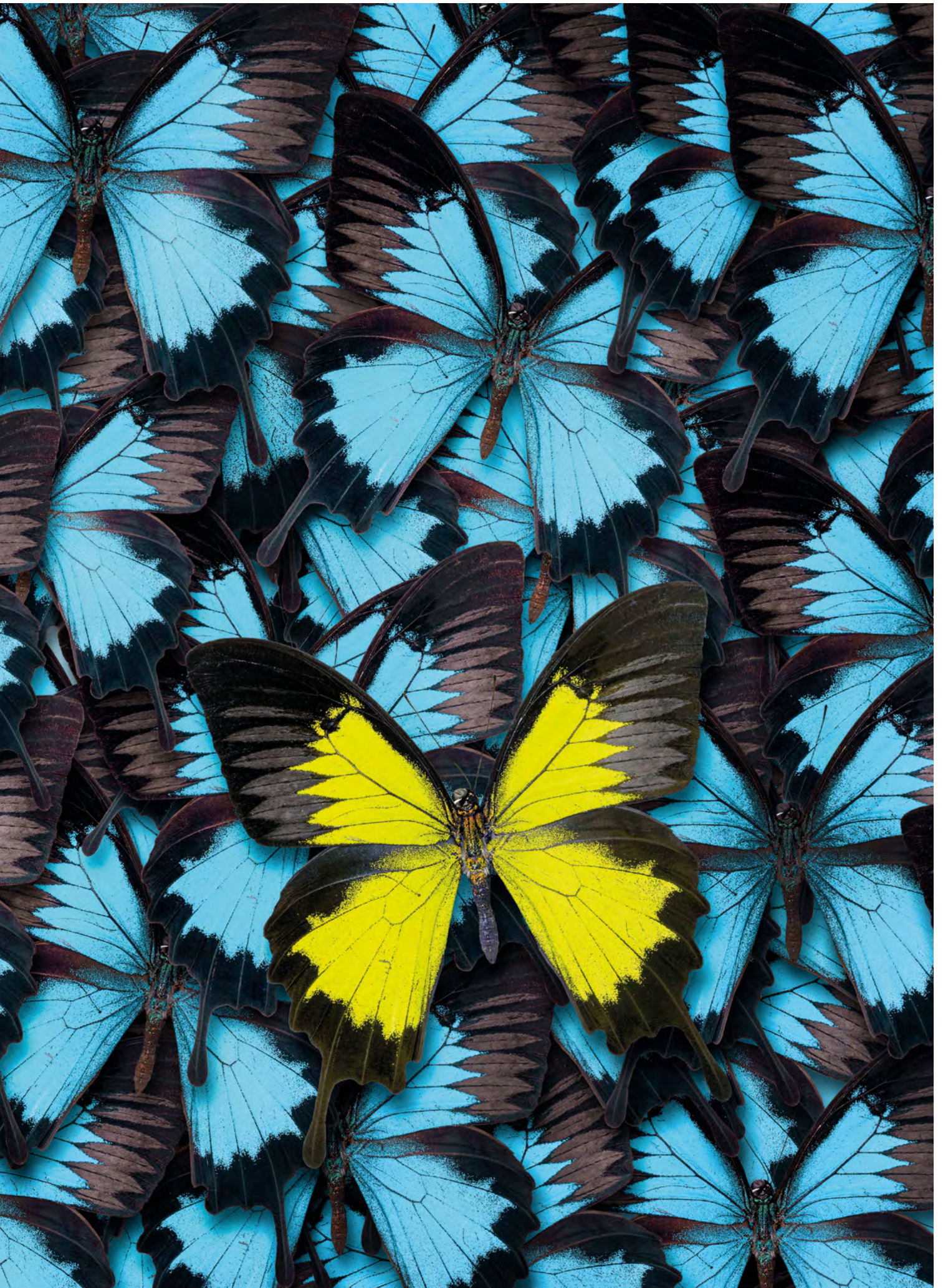
¹ The total number of employees includes outsourced workers. The Company will further analyze data relating to external collaborators and suppliers operating at the Group's sites and/or under the Group's control.

MATERIAL TOPIC	IMPACTS AND MOTIVATIONS / RELEVANCE OF THE TOPIC	PERIMETER		STAKEHOLDERS INVOLVED	REFERENCE AREAS LEG. DECREE 254/2016	GRI STANDARDS
		IMPACT	INVOLVEMENT			
ENVIRONMENTAL						
Effective and efficient energy management and reduction of emissions.	Efficiency in the consumption of energy and resources and the consequent reduction of emissions to mitigate the impact of climate change are at the basis of Comer Industries' operating model. This commitment is also reflected in purchasing policies, targets set and supply chain assessment systems.	Comer Industries.	Generated by the Group and related to the Group through its commercial relationships.	All stakeholders.	Environment.	GRI 302-1 GRI 302-3 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Responsible use of resources and waste management.	In managing Company processes, Comer Industries implements project and process measures upstream and downstream of the production cycle, aimed at reducing the use of resources (raw materials and waste production) and consequent impacts.	Comer Industries.	Generated by the Group.	All stakeholders.	Environment.	GRI 306-2 (2016)
Responsible use of water resources.	In all activities where water withdrawal is required, Comer Industries operates with an approach aimed at careful monitoring and reduction of impacts on the availability and accessibility of water resources, also considering the context in which it operates and the related risk factors.	Comer Industries.	Generated by the Group.	All stakeholders.	Environment.	GRI 303-1 GRI 303-2 GRI 303-3
Environmental impact of products.	In addition to integrating sustainability criteria in the raw materials and energy procurement process, Comer Industries proposes and develops solutions with a positive environmental impact downstream in the value chain (direct customers and end users) aimed at energy efficiency, lower consumption of substances and reduction of waste generated. In this context, investments in research and development activities and the skills of Comer Industries in innovation aimed at the objectives indicated are particularly important.	Comer Industries.	Generated by the Group.	All stakeholders.	Environment.	
SUPPLY CHAIN						
Supply chain sustainability and responsibility.	Comer Industries considers the sharing of the Company's strategic priorities with suppliers as a key factor for the success of its business model. To this end, a gradual but constant action of engagement of the supply chain is implemented, promoting the development of performance in a manner consistent with the Comer Industries model.	Comer Industries, Suppliers.	Generated by the Group and related to the Group through its commercial relationships.	Suppliers, partners and commercial agents.	Respect for human rights. Social. Environment.	GRI 308-1 GRI 414-1
ECONOMIC						
Generation and distribution of value.	Economic sustainability and financial equilibrium are essential conditions for ensuring an adequate distribution of the economic value generated in favor of all stakeholders.	Comer Industries.	Generated by the Group.	Shareholders and financial community.	Social.	GRI 201-1
PRODUCT						
Product quality and safety.	Comer Industries' products are manufactured taking into account all factors related to their use in terms of quality and safety, within the production plants or in any other context. Comer Industries intends to provide safe and reliable products, capable of capturing the full satisfaction of customers, guaranteeing its reputation.	Comer Industries, Direct customers.	Generated by the Group.	Customers.	Social.	GRI 416-1 GRI 416-2

CHAPTER 2

**WE ARE
UNCON
VENTIO
NAL
MAKERS**





SECTORS AND APPLICATIONS

Comer Industries provides innovative solutions for power transmission to the major players in the agricultural and industrial sector, exporting 89% of its products.

	BUSINESS AREA	PRODUCT LINES	REGIONS ⁽¹⁾
AGRI	AGRICULTURE 50% OF 2020 REVENUES	GEARBOXES	22% NAM
		PLANETARY DRIVES	28% APAC
INDUSTRIAL	OEM CONSTRUCTION 36% OF 2020 REVENUES	POWERTRAIN SYSTEMS	46% EU
		WHEEL DRIVES	4% LATAM
	OEM ENERGY 14% OF 2020 REVENUES	DRIVE SHAFTS	89% TOTAL EXPORT

¹ Based on 2020 figures.

Comer Industries property

CUSTOMERS

Comer Industries keeps continuous contact and communication with its customers, participating in specific events and conferences (*supplier days*), organizing periodic meetings for continuous product improvement and for the development of new ideas in co-design, anticipating market trends and demands. Participation in the major trade fairs of the sector provides an additional opportunity to monitor the latest developments and meet potential new customers.

AGRI



INDUSTRIAL



INNOVATION AND SUSTAINABILITY

The Group's research and development activities are the driving force behind the processes of innovation and product improvement. In line with the Company strategy and the trends that characterize the agricultural and industrial sector, the design has also incorporated these requirements, focusing its efforts towards products that combine quality, safety, reliability but also performance with a view to sustainability.

GEARBOXES FOR THE WIND MARKET

Wind energy is one of the main vectors driving the global energy transition to renewable energy production. Comer Industries, thanks to the wide range and high degree of flexibility of its products, is one of the world leaders, with about **20% market share**, in the design and manufacture of wind turbine gearboxes for *On and Off-Shore* applications.



Twenty years of experience in the field and consolidated know-how allowed Comer Industries to develop new products, more compact and with higher power density, reducing both the environmental impact downstream and the total cost along the supply chain. The development of the new **PG1900PR** model, for example, has resulted in a **27% reduction in total weight**, a **45% reduction in the amount of lubricant** required and a **20% smaller footprint** than the previous version.

In terms of interventions with an impact on the product life cycle, in the **6MW** range of wind turbines, performance has been improved in terms of duration, maintenance intervals, and use of alternative lubricants that prevent release into the environment, especially in *Off-Shore* applications.



TRANSMISSION SYSTEMS FOR THE CONSTRUCTION INDUSTRY

The construction and building equipment industry is witnessing a growing demand for products with a lower environmental impact, driven by increased global awareness. A strong focus is placed on fully electrically powered vehicles, also due to the decreasing cost of batteries. In particular, in the *Mobile Vehicle* segment for On and Off Road applications, characterized by urban contexts that require *Zero Emission Vehicles (ZEV)*, in order to reduce pollutants emitted by the vehicles concerned.

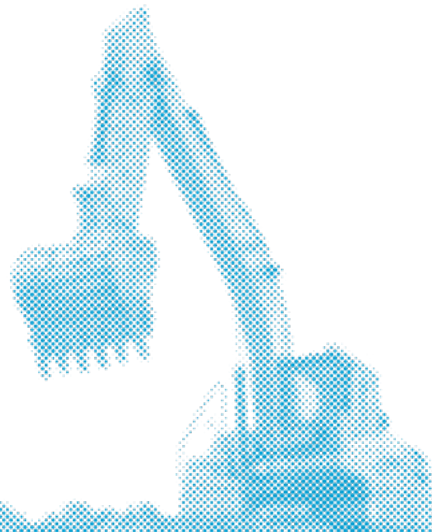


Comer Industries has strengthened its commitment to the development of innovative and sustainable products, through solutions for hybrid or fully electric-powered applications, supporting the world's largest players in electrification processes. This approach has resulted in the offer of a product range for machines that contribute to the reduction of greenhouse gas emissions. These include the new **I-S428 Drop Box**, designed to equip machines in the *Compact Off Highway* segment, in conjunction with the most innovative low-voltage electric motors.



It is also worth mentioning the solutions for *Mobile Elevating Working Platforms (MEWP)*, which are able to fully meet the customer's requirements, while also offering a greater degree of efficiency through structural improvements.

Research and the drive towards the efficiency of transmission systems has led Comer Industries to develop a new line of axles, called **P Series**, which, by providing for the electric drive of the platform, also reduces its complexity through a lower number of components used, with positive impacts both in terms of product size and of the logistics chain. This new product philosophy is being applied to several customers whose vehicles have been equipped with the new **Comer Industries P10** axle series, exhibited in 2020 at BAUMA CHINA, the Shanghai International Trade Fair for Construction Machinery, Building Material Machines and Mining Industry.



PRODUCT QUALITY AND SAFETY

Comer Industries has developed procedures to identify, on all the products supplied, the features with an impact on safety, starting from the concept phase, and then to reduce and monitor the related risk levels during product and process development.

During the product and process design phase, Comer Industries systematically applies methods for the preventive assessment of potential failure modes (DFMEA and PFMEA), ensuring the implementation of appropriate measures aimed at reducing the probability or severity of potential negative events and/or increasing control capacity.

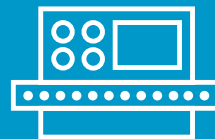
There were no incidents of non-compliance concerning the health and safety impacts of products.

Comer Industries guarantees compliance with all mandatory requirements applicable to the product (such as Machinery Directive 2006/42/EC) and with contractual requirements, through the application of advanced product quality planning methods, adjusted on the basis of the level of risk preliminarily assessed and extended also to the supply chain.

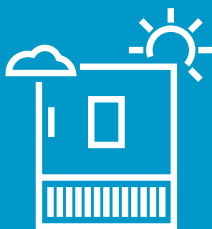
Before placing the product on the market, different types of tests are carried out in a dedicated area (Mechatronics Research Center) covering a surface of 2,100 square m., equipped with 16 test benches, 1 climatic chamber and 16 specialized technicians, to guarantee compliance with the requirements of product functionality and reliability. The tests carried out in the Mechatronics Research Center are functional and structural tests, crash tests, endurance tests, load tests and component characterization for a total annual duration of about 25,000 hours.



2.100 sqm
DEDICATED AREA



16
TEST BENCHES



1
**CLIMATIC
CHAMBER**



16
**SPECIALIZED
TECHNICIANS**

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

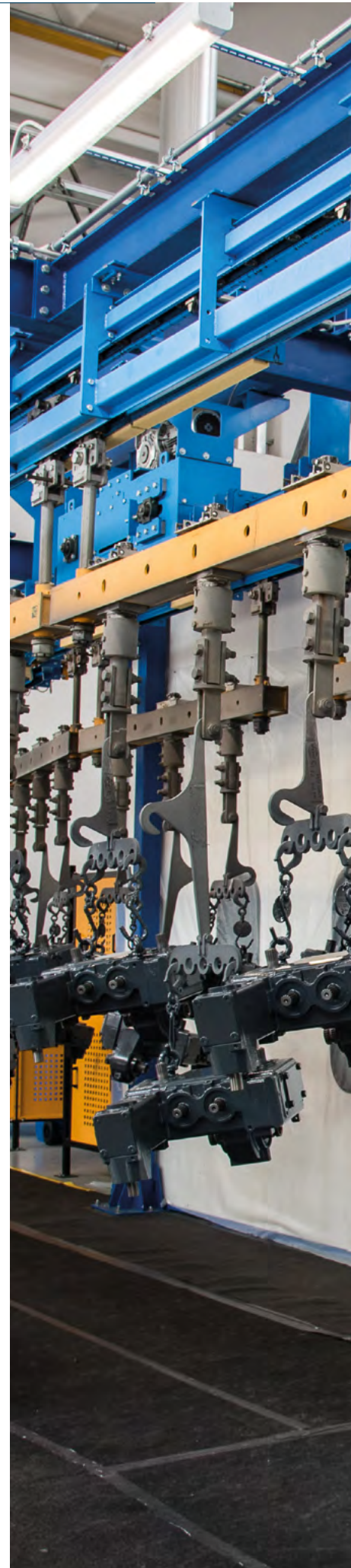
A representative example of the application of this philosophy is the *Digitaudit* internal audit support system implemented on a global scale and consisting of a portable multimedia peripheral device and software completely customized to the Group's needs with interface, database and analytical panel functions. During 2020, **422 QHSE audits** were held accordingly.

Comer Industries employs staff (Supplier Development Engineer) dedicated to the qualification of new suppliers, surveillance audits of existing suppliers and monitoring of the performance of the entire Supply Base with the aim of promoting its growth and reducing the problems of components purchased. Comer Industries promotes the development of supplier skills through courses held by internal staff on quality management methods, such as PPAP and problem solving, with a view to sharing best practices and continuously raising quality and reliability standards with all the subjects it works with.

With regard to the monitoring of customer satisfaction, a timely screening of customers' proprietary assessment systems is carried out through consultation of portals and any type of communication received, in order to promptly manage any deviations or signs of deviation in performance.

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

With regard to some product categories, such as PTO shafts and some planetary gearboxes, Comer Industries falls within the scope of application of the Machinery Directive 2006/42/EC, by virtue of which it carries out the required risk assessment and certification activities. Moreover, in line with its commitment to the responsible use of resources, Comer Industries operates in compliance with European regulations on chemical compliance (REACH, RoHS) and *Conflict Minerals* with due diligence processes and audits aimed at ensuring compliance with obligations throughout the supply chain.





SUPPLY CHAIN MANAGEMENT

Comer Industries has a well articulated network of suppliers and has built with them relationship based on trust over time, focusing on investments able to create value in the long term. The Group manages relationships with suppliers with loyalty, fairness and professionalism, encouraging ongoing collaboration and solid, long-lasting relationships of trust.

The Global Sourcing department ensures the definition of supply policies and the centralized procurement management of goods, services and works for the Group. Supplies are managed globally by Comer Industries, governed by specific contracts and, where possible, by multi-year framework agreements.

THE QUALIFICATION AND SELECTION PROCESS

The selection of suppliers and the setting of the purchase conditions for goods and services are based on impartial evaluations. Comer Industries' choice of suppliers is based on a Total Cost of Ownership approach, whose purpose is to fully determine the direct and indirect costs associated with an activity, favoring products from suppliers that guarantee ethical and sustainable behavior and monitoring their economic and financial structure.

The preliminary phase to the activation of the supply relationship is the qualification of the supplier, managed by the Supplier Development department through the evaluation of specific information collected and audits in the field. During the audit, the management systems for quality, environmental, social and health and safety aspects, as well as technological capacity, are analyzed and assessed. Failure of the audit results in non-qualification. During 2020, all new suppliers (100%) were assessed using environmental and social criteria.

At the same time as registration on the dedicated web portal, suppliers declare to adhere to the principles of the Company's Code of Ethics, which inspire Comer Industries' business activities. Compliance with the provisions contained in the Code of Ethics, such as the prohibition of child labor and the prohibition of discrimination, is an essential part of the supply contract entered into. In case of infringement, following appropriate investigations, measures are taken such as the termination of any existing contracts and exclusion from the vendor list.



SUPPLY CHAIN MONITORING

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

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

The main suppliers are periodically assessed through performance indicators that take into account the level of complexity of the relationship related to the impact on Comer Industries' processes, know-how and market characteristics. Based on these assessments and the purchase volume, suppliers are classified within a matrix (*Kraljic's*) into 4 categories, for each of which specific contractual and risk mitigation strategies are defined.

Comer Industries assesses its suppliers' performance in terms of quality, competitiveness, sustainability and service on a half-yearly basis through the *Vendor Rating* tool, which highlights the main critical areas (if any) to trigger a continuous improvement process, aimed at achieving shared targets.

OBJECTIVES AND IMPROVEMENT INITIATIVES

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

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

The project, led by the QHSE department, with the contribution of a cross-functional work group, includes an **engagement phase**, communicating to suppliers its sustainability strategy and requesting an assessment of the importance of material issues. The outcome of the assessment will be used to develop and improve the materiality analysis.

In addition, with reference to a group of suppliers selected on the basis of risk-related criteria, a **self-assessment questionnaire** will be sent out on the following topics:

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

The results, as well as being a parameter for monitoring suppliers' performance in the field of sustainability and a criterion for the assignment of new projects, will make it possible to stratify the suppliers into different **risk classes** and thus initiate appropriate improvement projects.

In line with the principles of inclusiveness and shared development with its stakeholders, Comer Industries provides, through internal staff, training courses for the supply chain on some management tools of the Integrated System. In 2020, a course on advanced product quality planning methodology and PPAP was delivered involving 50 suppliers; the commitment will continue in 2021 with a training intervention on problem solving with 8D methodology.

COMER INDUSTRIES SUPPLIERS

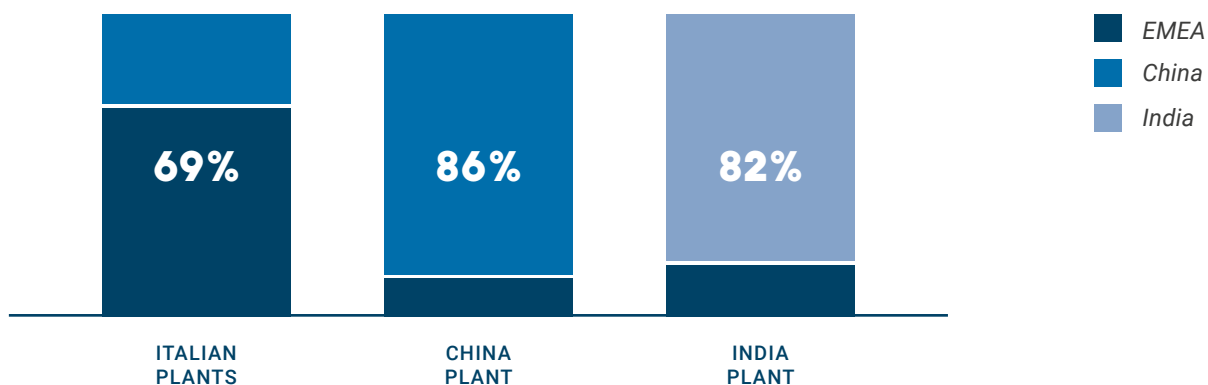
Comer Industries' Supply Chain scenario consists of about 1,600 suppliers, located in 30 countries worldwide. In 2020, the raw materials and components used to make finished products were supplied by around **470 suppliers** and generated a total purchase value of **240 million euros**.

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

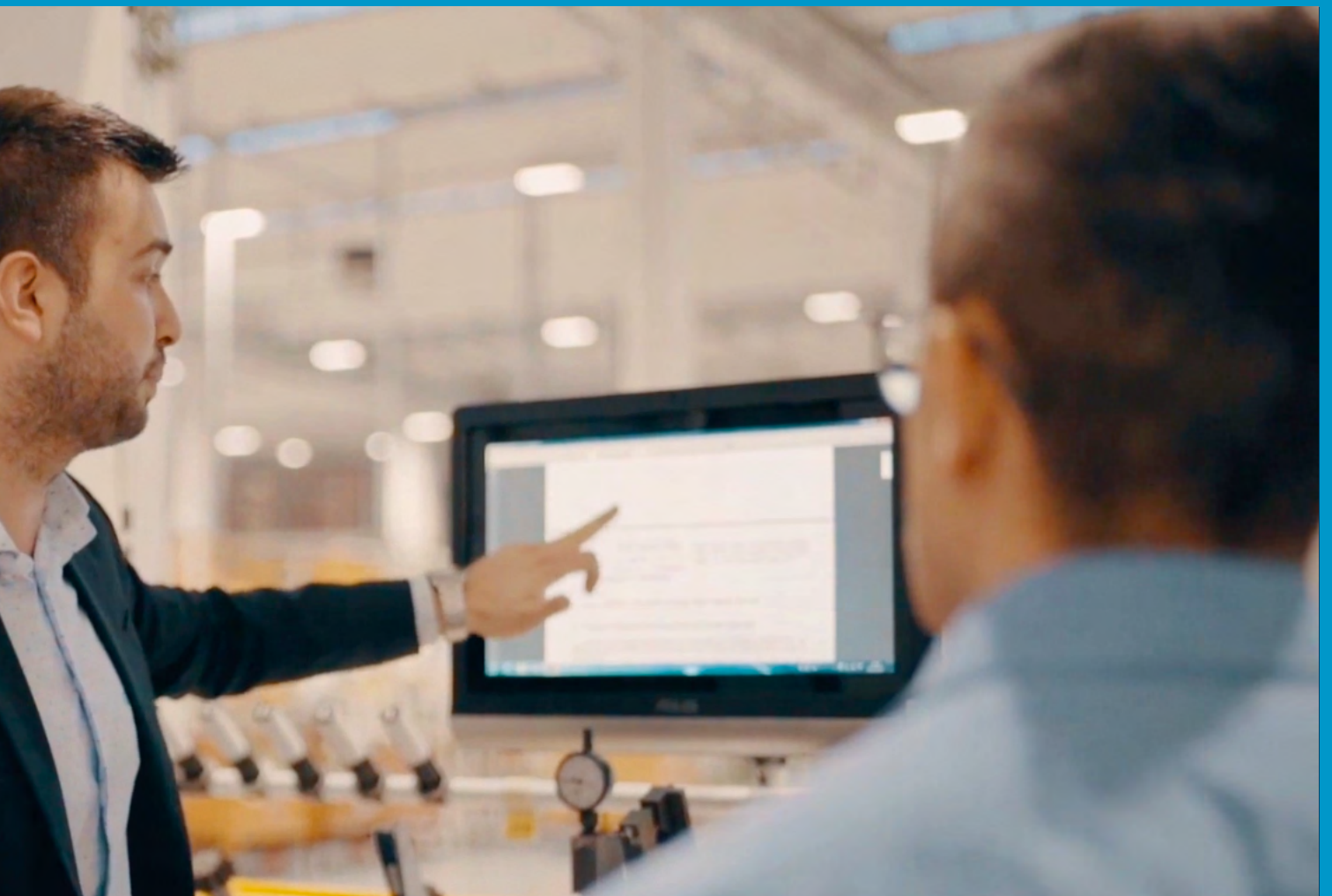
DIRECT MATERIALS – PURCHASES 2020	MILLION EUROS
IRON CASTING	97
STEEL GEARS, BARS AND BEARINGS	88
OTHERS (COMMERCIAL, PLASTIC, ETC.)	55
TOTAL PURCHASES	240

The Supply Chain has been developed following the needs of the production plants located in Italy, India and China in order to ensure fast market response, flexibility and growth of supplier know-how. **At least around 70% of the purchasing volumes of individual production facilities are procured from suppliers located in the same geographic area.** At the same time, the activities of risk mitigation and approval, standardization and synergy of components, have led the Company to take advantage of different supply alternatives, able to simultaneously supply both local markets and foreign production plants.

ORIGIN OF PURCHASE VOLUMES BY GEOGRAPHICAL AREA



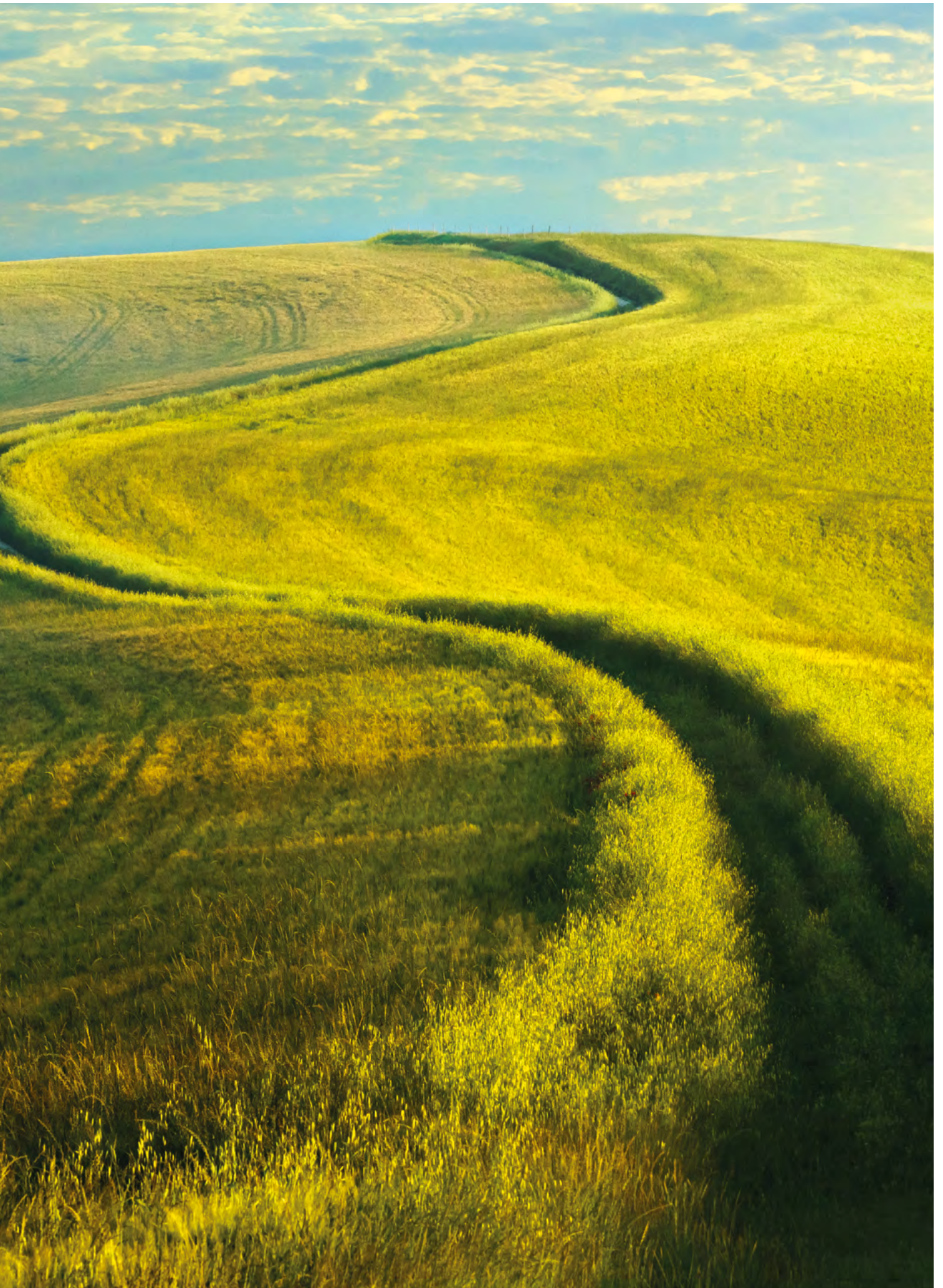
At Italian level, Comer Industries can benefit of the contribution of the Emilia mechanical industry, whose supplies account for **33% of the volume destined to Italian plants**.



CHAPTER 3

GOVERNANCE





CORPORATE GOVERNANCE

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

CORPORATE BODIES

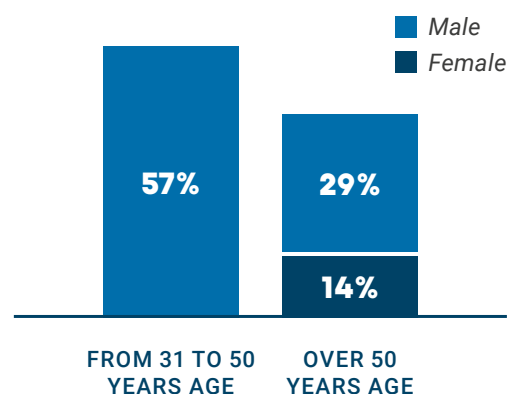
Shareholders' Meeting

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

Board of Directors

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

Matteo Storchi	President and Chief Executive Officer
Cristian Storchi	Vice President and Board Member
Luca Gaiani	Board member
Matteo Nobili	Board member
Arnaldo Camuffo	Board member
Marco Storchi	Board member
Paola Pizzetti	Independent Board member



Board of Statutory Auditors

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

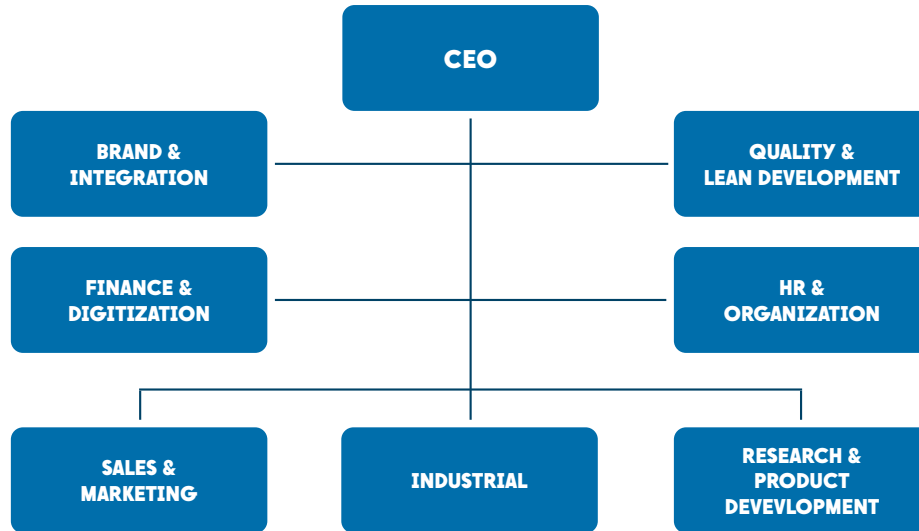
Luigi Gesaldi	President
Corrado Baldini	Statutory Auditor
Massimiliano Fontani	Statutory Auditor

Audit Firm

It is an external body in charge of statutory auditing and is appointed by Shareholders' Meeting. On 29 April 2019, 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 2019 to 2021.

ORGANIZATIONAL STRUCTURE

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



EXTERNAL INITIATIVES, MEMBERSHIP OF ASSOCIATIONS



As a further evidence to the commitment to reducing CO₂ emissions and protecting the environment, Comer Industries has been registered for the Carbon Disclosure Project (below *CDP*) since 2015, which provides businesses, local authorities, governments and investors with a comprehensive system of environmental measurement and reporting. There are currently more than 9,600 companies participating in CDP surveys on Climate Change, Water, Forests programs with the ultimate goal of building a global economic system that is attentive to environmental sustainability. In 2020 Comer Industries participated in the Climate Change program, obtaining the C score on an A-D scale, in line with the European average and consistent with the gradual but continuous development of the Company's environmental performance.

As at the date of this document, Comer Industries does not adhere to or has not subscribed to further declarations of principles, codes, international charters developed externally in the areas of reference of sustainability.



Comer Industries adheres to the EcoVadis platform for the evaluation of its sustainability performance. EcoVadis is a universal provider active in more than 160 countries and with more than 75,000 companies evaluated. Comer Industries shares with its stakeholders, in line with the principles of transparency, the results of assessments and improvement actions.

RESPONSIBLE BUSINESS MANAGEMENT

THE PRINCIPLES OF THE CONTROL MODEL

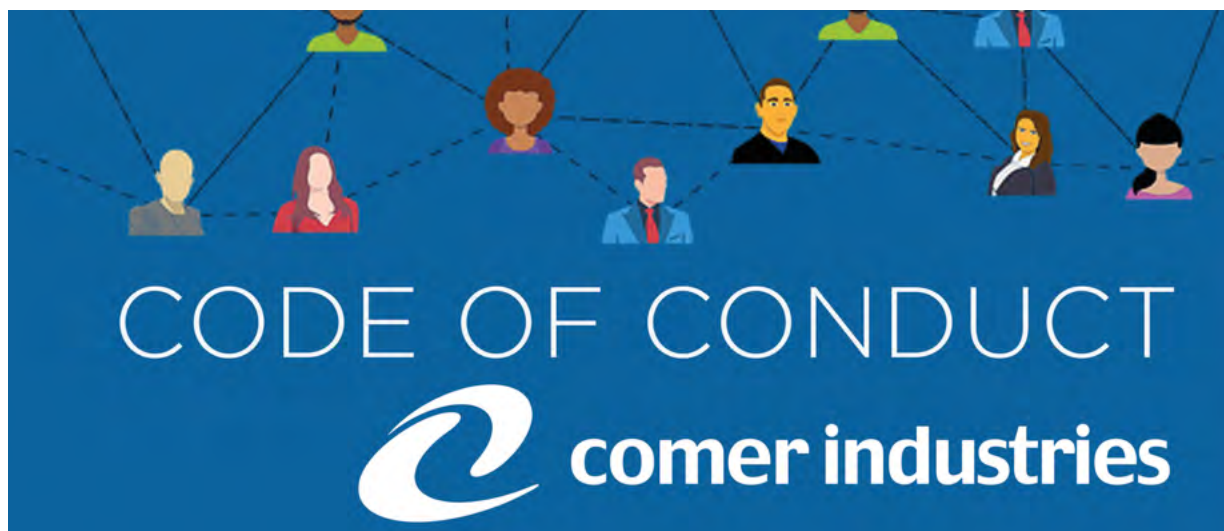
Comer Industries considers the implementation of transparent, ethical and compliance with applicable laws and regulations to be fundamental in driving the business and all Company activities. To this end, the Group has implemented a global and integrated compliance system consisting of tools aimed at implementing company policies and complying with the expectations of stakeholders.

The **Code of Ethics** is the cornerstone of this system, which is provided with a harmonized range of tools such as organizational models, procedures, instructions and digital tools that guarantee the dissemination of the compliance culture, the fulfillment of compliance obligations and the effective implementation of the behavioral principles.

Comer Industries' governance structure does not, at present, envisage a specific internal audit function. It is believed that the current configuration of the internal control system can guarantee appropriate risk management.

Code of Ethics

The Code of Ethics and Conduct expresses the ethical commitments and responsibilities in the conduct of the business undertaken by the Group's collaborators, whether they are administrators or employees and by all those who carry out representation, administration, management or control functions, including de facto, of the parent Company or its autonomous organizational units. Extended to all Companies of the Group, consistently with the laws and regulations in force in each Country, it was reviewed and updated in 2020 in order to make the model of rules and the principles of conduct in place consistent with the regulations and with the most advanced standards of reference. The Code of Ethics sets out the principles which inspire and conform every business activity, such as integrity, transparency, respect, legality and confidentiality. Furthermore, it states the criteria of conduct to be observed and the prohibited behaviors, with particular reference to the areas of potential risk of incurring an offense, in order to **implement a preventive action**, integrated into the procedural system in place within the Company management model. It is available in Italian and English on the website [Comer Industries | Governance | Code of Ethics](#).



The Organization and Management Model pursuant to Leg. Decree 231/2001

The Organization and Management Model (*231 Model*), which includes the Code of Ethics as an integral part, defines the rules and measures adopted to prevent behaviors that may represent offense pursuant to Leg. Decree 231/2001 and spreading the culture of legality and awareness in all those who operate on behalf and in the interest of Comer Industries of being able to incur crimes. The 231 Model was developed in accordance with the requirements of Leg. Decree 231/2001 following which the mapping of sensitive processes was prepared.

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 the Company. The 231 Model was updated in 2020 to incorporate recent changes in the regulatory framework, particularly the enforcement of Leg. Decree 124 dated 26 October 2019, by which certain tax crimes were introduced among the predicate crimes of administrative liability for crime of legal persons. The 231 Model can be consulted at [Comer Industries | Governance | Corporate procedures](#).

Supervisory Body

It is the body appointed by BoD, responsible for the respect, efficient and effective application of Organization and Management Model, implemented according to Leg. Decree no. 231/2001, and its updating. The structure of the Supervisory Board (SB) is a board structure, with two external members and one internal member, in compliance with the requirements of independence, autonomy and professionalism. In addition to periodic checking, inspections and information flow analysis, the SB prepares every six months specific reports about performed activities and their results.

Tommaso Rotella	Chairman
Luca Mazzei	External Member
Antonio Lattarulo	Internal Member

Anti-corruption Policy

During 2019 Comer Industries updated the Anti-corruption Policy, applicable to all sites and Companies of the Group and developed in accordance with the provisions of the Code of Ethics and the principles of the FCPA, the OECD Convention, the British Bribery Act and the laws anti-corruption of all Countries in which Comer industries carries out its business.

During 2020, as in previous years, there were no episodes of corruption ascertained or reported to the SB.

Whistleblowing

Since 2019, a procedure has been in place aimed at regulating the information flows for the management of the reports forwarded to the SB and to remove the factors that could hinder or discourage the use of reporting in compliance with the indications of art.2 Law 179/2017 on the subject of "Whistleblowing".

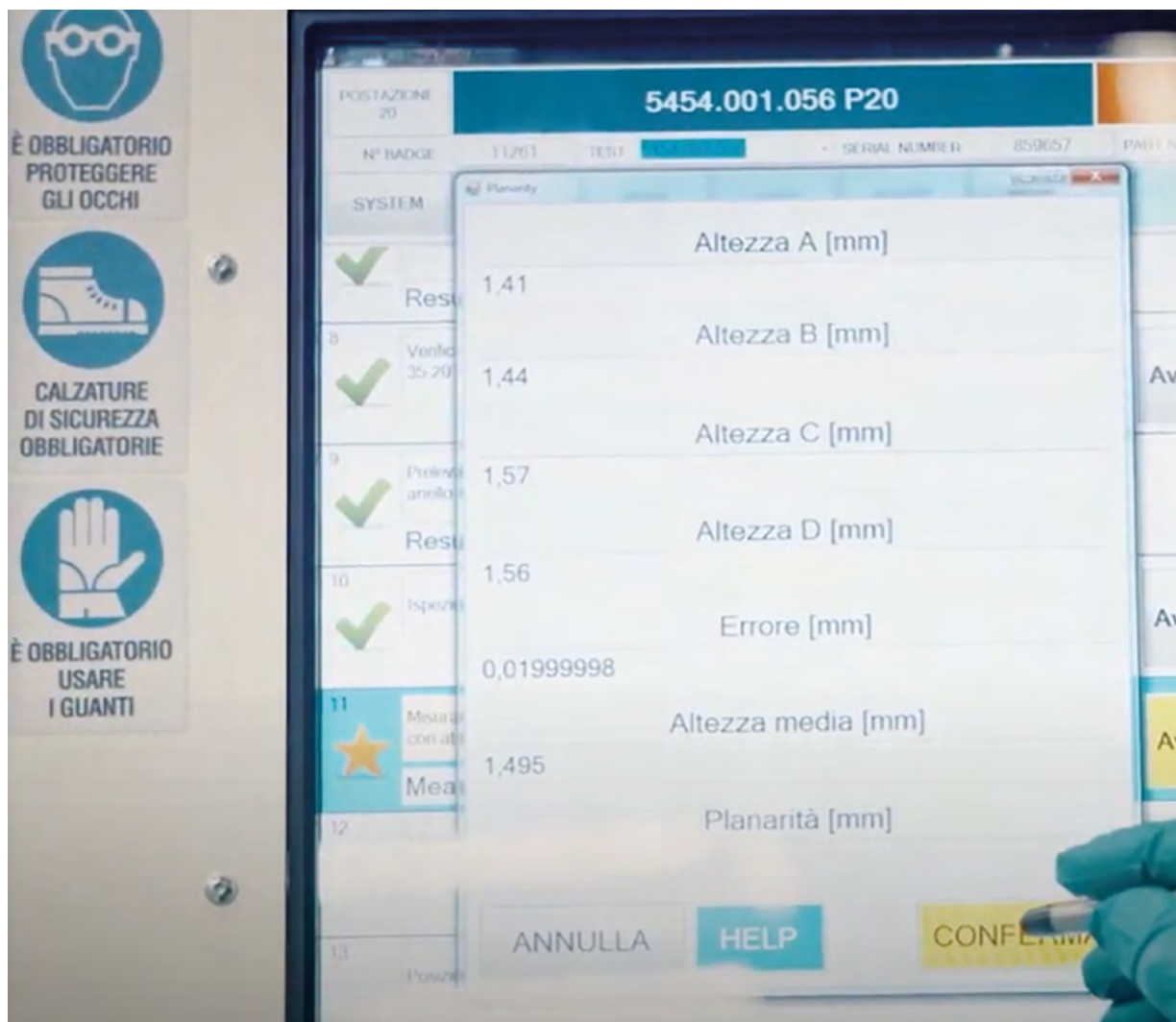
QUALITY, HEALTH AND SAFETY AND ENVIRONMENTAL POLICY

The commitment to growing by pursuing value for stakeholders and sustainability, is made explicit in the Integrated Quality, Health and Safety and Environmental Policy, updated in 2019 and extended to all Group facilities. By this Policy, Comer Industries declares its decision to adopt a **Quality, Health and Safety and Environmental Management System according to the ISO 9001, ISO 45001 and ISO 14001 standards**, integrated into the organization's business processes and implemented with a risk-based thinking approach according to the principles of ISO 31000.

The Policy defines the general framework for the improvement objectives that the Company intends to pursue and the criteria by which it assesses the effectiveness of the Management System:

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

The Integrated Quality, Health and Safety and Environmental Policy is available at [Comer Industries | Our Commitment](#).

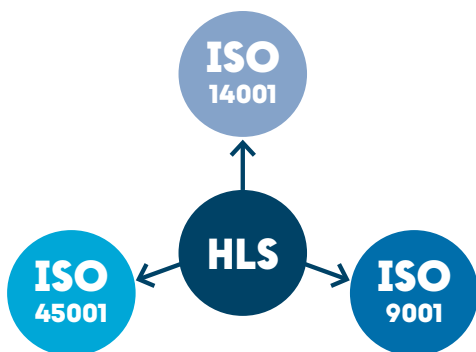
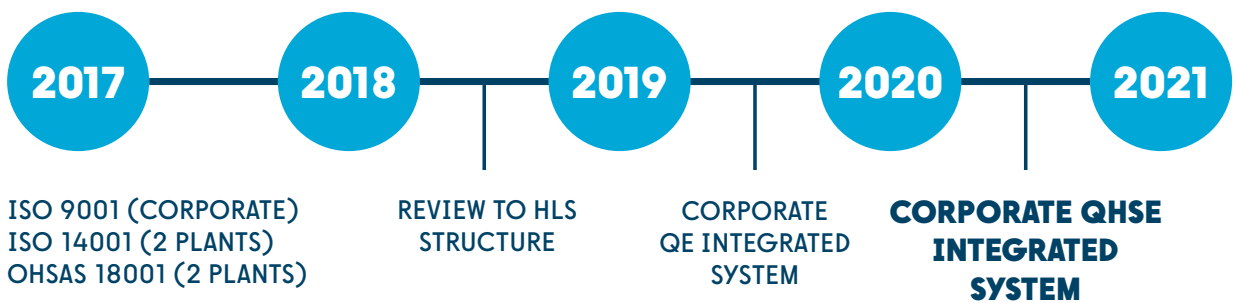


INTEGRATED QUALITY, HEALTH AND SAFETY AND ENVIRONMENTAL MANAGEMENT SYSTEM

Starting from 2017, Comer Industries has launched a series of actions aimed at creating an **Integrated Quality, Health and Safety and Environmental Management System**, placing risk management and the rationalization and simplification of processes at the basis of its model.

After having reached in 2019 the double goal of the extension to Corporate level of the Environmental Management System according to ISO 14001:2015 and the full integration with the Quality System according to ISO 9001:2015, in 2020 the roadmap came to completion on schedule, going through numerous regulatory revisions and a changing and difficult context, with the third party certification (RINA) of the Integrated Quality, Health and Safety and Environmental Management System extended to¹ Group locations.

The widespread application, the standardization of the operating tools and the harmonization of the procedures that regulate the 3 areas of QHSE management, drivers of the project, have led to the simplification of the management model, a common approach based on the High Level Structure logic and the full exploitation of synergies within the processes across the Company.



The achievement of this goal now sets the stage for new projects aimed at obtaining the result of a leaner management model integrated into the business to support simplification and efficiency, in line with the Group's easy thinking.

99% OF EMPLOYEES COVERED BY THE CERTIFIED INTEGRATED MANAGEMENT SYSTEM

¹ Except the subsidiaries Comer Industries UK, Comer Industries do Brasil and Comer GmbH.

RISK MANAGEMENT

Comer Industries uses a system of internal control and risk management, as an integral part of the Group's Corporate Governance system, consisting of organizational structures, procedures and control activities aimed at the correct identification and management of business risks. The departments that contribute to the control and management of risks and support the Board of Directors in decision-making processes and in defining Group strategies are the Board of Statutory Auditors, the Supervisory Board, the Independent Auditors and the QHSE department, whose roles and responsibilities are described in the Corporate Governance section.

RISK ASSESSMENT

Comer Industries applies a systematic risk management model taking into account ISO 31000 standard to increase the likelihood of achieving goals, identify opportunities, meet cogent requirements, and improve stakeholders' confidence. The specific procedure, formalized in 2018 and divided into successive stages, defines the rules and responsibilities for identifying risks and opportunities and their consequent treatment.

Analysis of the context

For each context dimension and for each primary process, internal and external issues and the stakeholders must be defined.

Identifying risks and opportunities

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

Assessing risks and opportunities

The risk is assessed by combining the extent of the impact with the probability of its occurrence. Such evaluation is carried out considering any existing measures, which confirm or modify the impact and probability measures. The opportunity is assessed by combining the extent of the expected benefit with the time duration of the same. The risk matrix is the tool for assessing and recording risks and opportunities.

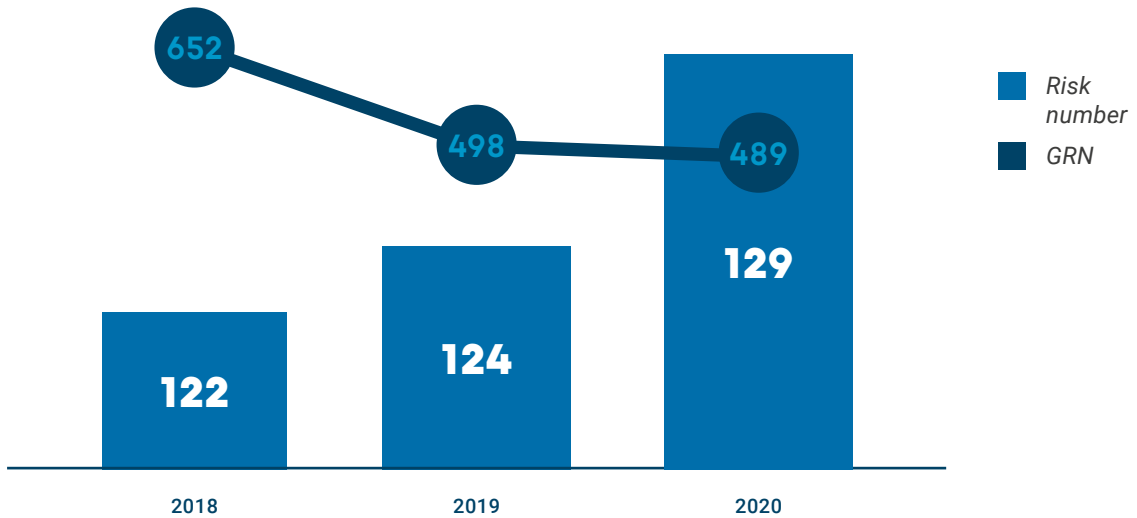
Risks and opportunities treatment

At each level of risk / opportunity corresponds a priority of intervention and relative treatment. Each action is linked to a manager and a completion date.

Monitoring and review

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

With the aim of analytically monitoring the trend of risk levels and the effectiveness of interventions aimed at reducing the probability or the effects connected with priority risks, a number of synthetic and quantitative indicators have been introduced on which annual objectives are set and whose trend is periodically assessed. One of these is the **Global Risk Number (GRN)**, obtained from the sum of the scores assigned to each risk, the trend of which is shown in relation to the number of risks identified starting from the first assessment carried out, as a result of subsequent reviews and the progressive completion of mitigation actions.



THE PRECAUTIONARY PRINCIPLE

Introduced in 1992 at the United Nations Conference on Environment and Development (United Nations Principle 15 of The Rio Declaration on Environment and Development) in the context of safeguarding the environment and biodiversity and transposed and used at various levels of government and in practice in areas relating to consumer protection and health, the principle states that *“in order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.”*

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

Comer Industries has implemented these principles in its system of rules and procedures, introducing, for example, preliminary assessment phases concerning the effects on the environment and health and safety in the case of new/modified products and processes, with the obligation to update the related risk assessment documents.

MANAGEMENT MODE

The table below summarizes or specifically refers to other parts of this document and documentation available on Comer Industries' website, the methods of managing the main identified risks, that is, the Group's strategies, policies and action plans to control risks. The reported disclosures also include the consistency of the risk with the underlying material topic of the NFS.

AREA-CATEGORY / RISK DESCRIPTION	UNDERLYING MATERIAL TOPIC	MANAGEMENT MODE
COMPLIANCE RISKS		
Late fulfillment of compliance obligations in case of rapid changes in the regulatory environment	Ethics and integrity in business management	Compliance Management system supported by digital tools for monitoring deadlines and regulatory updates
Changes to the regulatory references applicable to CE certified products following BREXIT	Product quality and safety	Continuous monitoring of the evolution of the regulatory framework through contacts with trade associations
	Ethics and integrity in business management	Multidisciplinary project group to drive the transition
Supply chain compliance	Product quality and safety	Risk assessment based on priority criteria in terms of potential impacts
	Ethics and integrity in business management	
	Supply chain sustainability and responsibility	Adherence to the Code of Ethics
	Generation and distribution of value	
SOCIAL RISKS		
Personnel accidents inside and outside the Company area	Occupational health and safety	Health and Safety Management system extended to all Group sites
		Specific procedures for contracted suppliers and visitors
Impact linked to the COVID-19 pandemic situation	Occupational health and safety	The assessments made and the measures taken are described in the Human Resources section of this document
	Ethics and integrity in business management	
	Generation and distribution of value	
Inability to retain, attract and motivate qualified resources	People management, training and development	Continuous training processes and specific paths - Comer Academy
	Diversity and equal opportunities	Structured performance evaluation and feedback systems (ASC)
ENVIRONMENTAL RISKS		
Impact of changes in production layout (new plants, transfers, verticalization, outsourcing)	Occupational health and safety	Procedures for pre-assessment of health, safety and environmental impacts of changes
	Effective and efficient energy management and reduction of emissions	
	Responsible use of resources and waste management	
Supply chain impact, specifically suppliers with larger environmental footprint	Responsible use of resources and waste management	Sustainability engagement
	Environmental impact of products	Performance evaluation at qualification and on production stage
Water withdrawal in water stressed areas (Matera and Bangalore)	Responsible use of water resources	Inclusion of sustainability criteria in Vendor Rating metrics
		Implementation of monitoring systems
FINANCIAL RISKS		
Market - Credit - Cash - Price and cash flow - Brexit	Generation and distribution of value	Please refer to the relevant section in the Report on Consolidated Financial Statements at December 31, 2020

COMPLIANCE

For Comer Industries, the culture of integrity and compliance is a key factor for solid and lasting success. We are convinced that compliance is not just an obligation to be met but an opportunity to create sustainable value, so compliance management has been fully integrated into the organization culture and the behavior and attitudes of the people who work for it. The result of this approach is the creation of an effective corporate compliance management system that makes it possible not only to proactively manage compliance and deadlines related to mandatory and contractual requirements, applicable regulations and organizational standards, reducing the risks of sanctions and business continuity, but also to provide evidence of compliance to all stakeholders and thus good governance and transparency.

COMPLIANCE CONTROL SYSTEMS

Comer Industries has developed management tools, also using digital tools modeled on its own processes, to analyze compliance obligations, anticipate critical issues, monitor the execution of compliance and evaluate performance. To make effective the commitment to compliance obligations, the Company uses of an advanced management system for the requirements required by all applicable laws and regulations regarding the environment and safety in the workplace, with particular reference to the provisions contained in the Leg. Decree 152/2006 (Consolidated Environment Act) and Leg. Decree 81/2008 (Consolidated Occupational Safety Act). This tool also makes it possible to monitor new developments and updates in the applicable regulatory framework and incorporate them into the system.

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

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

During 2020, as in the previous year, there were no events that gave rise to penalties and/or litigation for non-compliance with environmental laws, rules and regulations. Similarly, as of the date of this NFS, there are no outstanding environmental disputes.

COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA

At the date of this document, there are no cases of infringement of laws and/or regulations relating to social and economic provisions. No penalties of this nature were received in 2020 and there are no significant proceedings reported in this regard.

HUMAN RIGHTS

Respect for human rights in the business, in all areas where Comer Industries is working, is a central element in the system of principles of conduct and values expressed in the Company's Code of Ethics. Comer Industries guarantees the physical and moral integrity of its collaborators, working conditions that respect individual dignity and safe and healthy working environments, therefore requests or threats aimed at inducing people to act against the law and the Code of Ethics or to adopt behaviors that are detrimental to the moral and personal convictions and preferences of each person are not tolerated. Furthermore, no form of forced, compulsory or child labor is allowed, acknowledging the primary importance of the protection of minors and the repression of any form of labor exploitation. This commitment is also required from the organizations having with Comer Industries a supply relationship, by signing the Code of Ethics together with the contractual agreements.

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



Conflict Minerals Policy

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

The Conflict Minerals Policy, updated and published in 2019, is available at [Comer Industries | Our Commitment](#).



RESPECT FOR COMPETITION

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

HEALTH AND SAFETY OF PRODUCTS

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

PRIVACY AND CYBERSECURITY GOVERNANCE

In order to respond systematically to the evolution of the regulatory frame, with the publication of EU Regulation 2016/679, known as **GDPR** and the consequent Leg. Decree 101/2018, Comer Industries has decided to adopt a Privacy and Cybersecurity Governance Model consisting of the policies, methods and processes designed to protect the personal and strategic data of the subjects operating in the of Comer Industries' business processes, including Customers and Suppliers, progressively integrating it into the management model common to the other areas of compliance.

Information Security Policy

In November 2020 Comer Industries reviewed and published its Information Security Policy, expressing its commitment to protect data, information and consequently the systems that process them, especially those of strategic importance for the Company business, with security systems commensurate with their value and their risks. The Information Security Policy is available in Italian and English on the website [Comer Industries | Our Commitment](#). As of the date of this writing, there have been no substantiated complaints regarding breaches of customer privacy and loss of customer data.



FISCAL TRANSPARENCY

COMER INDUSTRIES' FISCAL APPROACH

Comer Industries operates through 9 Companies: two in Italy, two in China and one in India, the United States, Brazil, Germany and the United Kingdom. Revenues are generated 46% in Europe, 28% in Pacific Asia, 22% in North America and the remaining part in Latin America.

As a multinational group, Comer Industries contributes to the economies of the various countries in which it operates. The economic contribution in the various countries where Comer Industries is present is also expressed at a fiscal level and takes the form of various types of taxes, which can be grouped into the following categories:

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

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

TAX PLANNING

Comer Industries makes its best efforts to ensure that the Group's tax affairs are managed in the most efficient manner, in compliance with applicable tax regulations, through a conservative approach to tax planning consistent with the principles set forth in the Code of Ethics. No tax planning strategies are pursued and no artificial schemes without economic sense are used in order to achieve tax savings. The implementation of behaviors and operations, whether domestic or cross-border, that result in constructions of pure trickery, that do not reflect economic reality and from which it is reasonable to expect undue tax advantages is rejected.

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

FISCAL RISK MANAGEMENT

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

RELATIONS WITH THE TAX AUTHORITIES

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



CHAPTER 4

ECONOMIC
SUSTAIN
ABILITY



ECONOMIC VALUE GENERATED AND DISTRIBUTED

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

In 2020 the economic value generated by Comer Industries amounts to 399 million euros (408 million euros in 2019) and has been distributed for 93% to stakeholders. In particular, 55 million euros was distributed to employees, 299 million euros to suppliers for operating costs. Shareholders were distributed 10 million euros in the form of dividends. The retained economic value relates to the difference between the economic value generated and distributed, includes the impact of the application of IFRS 2 and IFRS 16 and does not include the depreciation of tangible and intangible assets, provisions and deferred taxes.

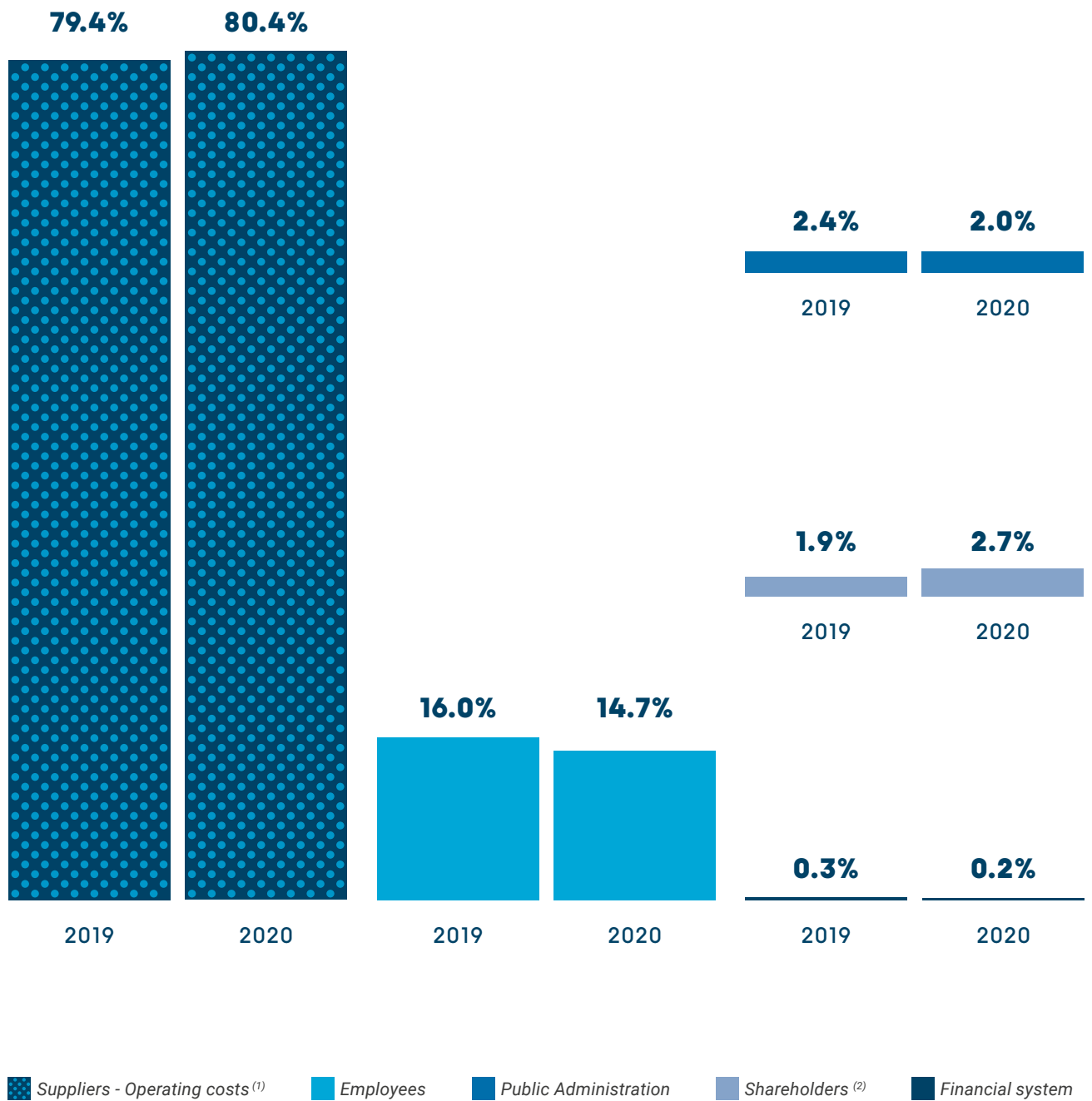
For further details on economic and financial aspects, please refer to the Consolidated Financial Statements at December 31, 2020.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (MILLION EUROS)	2019	2020
ECONOMIC VALUE GENERATED	407.8	398.8
SUPPLIERS - OPERATING COSTS ⁽¹⁾	305.2	299.3
EMPLOYEES	61.4	54.7
FINANCIAL SYSTEM	1.1	0.6
PUBLIC ADMINISTRATION	9.2	7.6
SHAREHOLDERS ⁽²⁾	7.1	10.2
ECONOMIC VALUE DISTRIBUTED	384	372.4
ECONOMIC VALUE RETAINED	23.8	26.4

¹ This item includes the impact of the application of IFRS 2 and IFRS 16.

² 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.





¹ This item includes the impact of the application of IFRS 2 and IFRS 16.

² 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.



INVESTMENTS

In 2020 the Group invested 11.7 million euros in tangible and intangible fixed assets acquired from third parties, net of internal capitalizations and excluding the impact of the new IFRS 16 accounting standard. The main investments were made in Italy for around 8.5 million euros and in the Group's foreign production subsidiaries for around 3.2 million euros.

The most significant investments in Italy are related to the purchase of two robotized turning cells, a numerical control tool sharpening machine, a new Gleason 280 CX robotic work cell and a new Gleason 475 GMS gear metrology system, completely integrated in the Company management system in line with *Industry 4.0*.

With reference to the development plan of the Reggiolo industrial pole, in 2020 the investment was started for a new semi-automatic assembly line, for a new painting equipment, also semi-automatic, dedicated to the production of axles and gearboxes, as well as for general plant engineering works related to the new leased buildings.

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

In China, for the development of the Jiaxing factory, investments were made for masonry and general plant engineering works connected with the new leased buildings, the purchase of new semi-automatic assembly lines and numerically controlled testing systems for the production of gearboxes and axles and a new semi-automatic plant for the treatment and purification of industrial waste water.

Investments have significant effects in terms of environmental impact. Specifically, the newly introduced machine tools are equipped with the most innovative energy saving systems and no longer use cooling lubricants for gear cutting. The new semi-automatic assembly line and the new painting equipment use water-based paint products and inverters combined with advanced management software, resulting in low emission levels and low energy consumption.

In relation to Research and Development, more than 2 million euros have been invested in the last year in order to develop prototypes and new products, and special benches have been purchased for fatigue analysis and endurance tests on prototype projects.

In the *Digitization* area, Comer Industries has effectively supported the transition to smart working for 70% of its employees, providing the equipment and software needed to allow the Company to continue its activities in a safe way and in compliance with government regulations.

The application area has dealt with projects in Sales, Finance and Industrial. Specifically, in 2020, (i) a new integrated tool for the elaboration of medium-term scenarios was implemented, particularly useful for strategic planning activities, (ii) a multi-year project was launched to support the Sales and Industrial areas, focused on the reorganization of these structures on the two main distribution channels (OEM and Distribution) and (iii) the project for the consolidation, at ERP and systems level, of the Cavriago plant in the Reggiolo industrial hub was completed.



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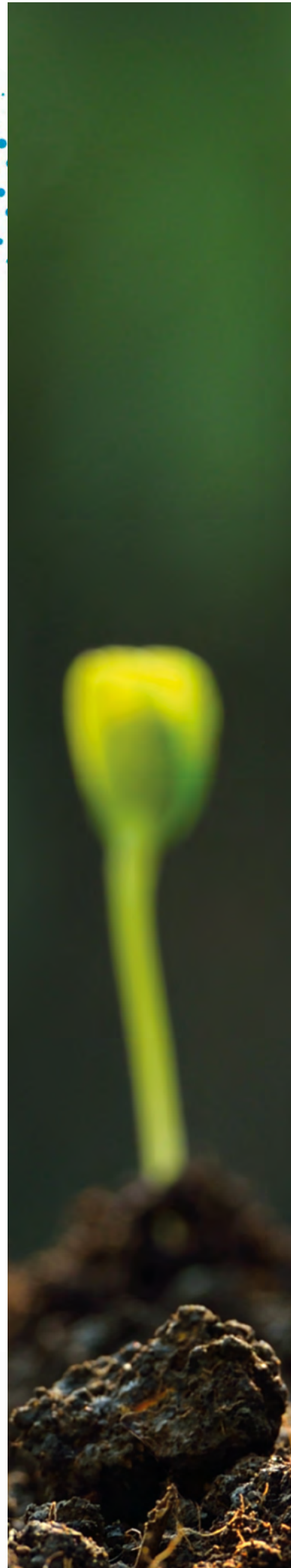
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CHAPTER 5

HUMAN RESOUR CES





PERSONNEL MANAGEMENT AND DEVELOPMENT POLICIES

For Comer Industries, **people and the communities** in which it operates are a determining factor for the Company's success and future development. The Company promotes the self-realization and growth of people enhancing valuable experiences, the development of competences and the fair recognition of results, individual and team merits.

By applying these principles, Comer Industries commits itself to grant the respect of workers' rights, promoting at the same time well-being, equal opportunities and a better balance between private and working life, accepting, where possible, all requests of part-time work, the access to working flexible systems in case of maternity/paternity, the adoption of Time for You, which grants during summer time a certain number of Company shutdowns in close proximity to the weekend, and finally the smart working, as instruments to improve working conditions and productivity.

In 2020, the use of **smart-working** days was a major boost, the main objective of which was to ensure business continuity during the emergency period, contribute to improving the work-life balance and increase the sense of belonging to the Group.

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

In the case of relations implying hierarchical relationships, Comer Industries guarantees that authority is exercised in a **fair and correct** manner, avoiding any abuse and implementing procedures aimed at preventing conduct detrimental to the dignity and autonomy of people and at safeguarding their value in the choices of work organization.

Comer Industries guarantees **the physical and moral integrity** of its employees and collaborators, working conditions that respect individual dignity and **safe and healthy working environments**.

The Group is distinguished by the presence of a consolidated Executive Team, consisting of the President and Chief Executive Officer and his direct collaborators, whose task is to drive the Group towards the strategic objectives shared with the shareholders.

During 2020, the Group's strategy aimed at building an increasingly efficient organization, able to focus on new market opportunities and the development of all product and business lines, continued.

PERFORMANCE ASSESSMENT AND REMUNERATION SYSTEMS

With regards to **salary**, the Company promote the principle of wage equality for its workers, in compliance with collective negotiation right and specific local laws. In particular, in Italy, supplementary agreements have been developed over time, which provide more favorable conditions in comparison to national projections and a collective participation award for the distribution of business results linked to performances.

The Group has enhanced its compensation system, linking the performance of each employee more closely to the bonuses awarded, including through the *MBO* process. Comer Industries has in fact activated a **compensation Policy** in every country for the recognition of merit, organizational and professional responsibility in balance with external and internal labor market and linked to a digital system of annual performance and organizational behaviors evaluation. During 2020, the evolution of the Performance Management & Development, **ASC** (Appraisal System Comer) process continued; to date it involves white collars all levels (29% of all employees). This performance management tool, which is fully computerized and available online, offers the opportunity to collaborate and share with one's manager the targets to be achieved and provides for moments of comparison and dialogue to monitor the status of achievement of objectives, promoting the development of skills and professionalism of people.

Although 2020 was a complex year, Comer Industries was committed to ensuring continuity, celebrating with the **CEO Awards** the projects and people who stood out in contributing to the achievement of the Company's objectives. In December, therefore, in accordance with security protocols, the best projects and the people who best embody the Company's values were awarded, chosen from among all employees worldwide.



ENHANCEMENT OF DIVERSITY, EQUAL OPPORTUNITIES AND HUMAN RIGHTS

Inclusion and **non-discrimination** are two fundamental principles of people management, through the protection of cultural, ethnic, age, gender and ability **diversity**, the promotion at every level and location of respect for people, religious beliefs, political and sexual orientation, diversity, tolerance and hospitality, avoiding at the same time any type of potential discrimination.

In all the Group's offices, in the production contexts and in all the Company areas, integration between people from different cultures and geographical areas is encouraged and enhanced as an element of growth and mutual enrichment.

Comer Industries is committed to offering **equal opportunities** in employment and professional advancement to all employees, ensuring that in all aspects of the employment relationship, such as recruitment, training, remuneration, promotions, transfers and termination, employees are treated fairly and in accordance with their ability to meet the requirements of the job, avoiding any form of discrimination due to race, gender, sexual orientation, social and personal position, physical and health condition, disability, age, nationality, religion or personal beliefs.



For Comer Industries, the different points of view are a drive of innovation which, in turn, generate other value. A Company oriented towards diversity and inclusion tends to attract talent and becomes more attractive to the outside world. Concrete actions are currently being studied, such as the definition of "Diversity & Inclusion" targets and the sharing of diversity metrics, not only at senior level, but for all employees in order to constantly improve these indicators.

In addition, Comer Industries, recognizing the importance of **stopping any form of labor exploitation** and modern slavery, does not employ any form of forced labor, compulsory labor or child labor and requires its suppliers to comply with the same principles in their contracts.

No cases and/or episodes of discrimination have been reported in Group Companies.

PROACTIVITY IN THE EMERGENCY: COVID - 19

Faced with the global health crisis and the progressively more restrictive measures adopted by world governments, Comer Industries has tackled the emergency promptly, not only by adopting extraordinary containment measures, **but above all by proactively responding to changes** based on the analysis of possible future scenarios and related risks.

In this uncertain and changing context, taking into account the experience initially gained in China and focusing on workers' health, Comer Industries has defined and adopted, even before the regulations issued by the Government, guidelines for the prevention of the spread of viruses in the workplace, which were subsequently included in a **Company Protocol**, thus proving that health protection is not only a legal obligation but also a fundamental element of the Group's values.

The introduction of the Protocol was followed by a **continuous and widespread communication of** updates to all employees on the evolution of the health situation and developments in the workplace using the digital tools available. In particular, in the production plants, the system for monitoring processes and spontaneous hazard reports has been integrated with a specific method to allow the communication of situations related, for example, to assemblies and incorrect use of devices.

The Protocol has been constantly updated as the health and regulatory framework evolves, and its application has been verified using **the control tools already active** within the Health and Safety Management System, suitably integrated, and specific audits conducted by the QHSE department.

In addition, in order to make its application effective and efficient, special **training sessions** were organized **for the entire Company population** with particular attention and space given to the feedback received.

In application of the provisions of the "Shared protocol for the regulation of measures to prevent and contain the spread of the COVID-19 virus in the workplace" issued by the Ministry of Health on 14 March 2020, containing guidelines shared with the Social Partners, the relative Committees for application and verification were promptly set up in each Italian plant, with the participation of trade union representatives and the workers' health and safety representatives.

MEASURES TAKEN

The Company Protocol of measures to prevent COVID-19 regulates, through the prescription of technical, managerial and behavioral measures, various areas of corporate life, from the entry of employees, visitors and suppliers into the Company to internal movements, meetings and common areas.

Some of the measures implemented include the daily distribution of **surgical masks, cleaning and sanitizing procedures, planning of shifts** to ensure distance between operators and the continuous use of **smart-working**.

Smart-working was introduced on a massive scale for 70% of the white collar workforce, permitting its use for at least three days a week: in detail, it involved 240 workers, for around 55,000 hours worked remotely, equivalent to around 7,000 days. At the end of the "emergency" phase, a survey will be carried out to assess the benefits, highlight any areas for improvement and, in the final analysis, to validate and share a Policy, valid at a global level, that goes well beyond what was implemented during the pandemic phase, becoming a cultural and structural tool of the way of working in Comer Industries.

During the year, first in June and then in September, Comer Industries gave its employees the opportunity to undergo the rapid **serological test**, free of charge and on a voluntary basis. Approximately 75% of the staff of the offices involved took part to the initiative, which ended with extremely satisfactory results from the point of view of the levels of contagion detected.

Finally, Comer Industries also supported the local communities with concrete measures to stand by those who daily face the health emergency on the front line. In fact, in March 2020, in the middle of the lockdown period, thousands of masks were donated to the Municipality of Reggiolo to be given to the Civil Hospital of Guastalla, to the Red Cross volunteers, to the operators of the Sheltered Housing and of the home care service in Reggiolo and further devices to the health staff of the Madonna delle Grazie Hospital in Matera.

THE RESILIENCE OF COMER INDUSTRIES' ORGANIZATION AND PEOPLE

The results achieved and the high safety standards maintained, albeit in the face of an extremely changing environment, have been a challenging test bed for the organization, which has reacted by proving its resilience and efficiency.

Among the measures put in place to mitigate the impact of the emergency, there was also a plan to rationalize the organizational set-up, which included the start of the transfer of the assembly lines from the Cavriago plant to the Reggiolo plant, enabling rationalization of space and significant efficiency gains in terms of consumption and flow of goods. The operation was carried out with the objective of fully maintaining the employment of staff. This transition was ratified through an agreement with the unions signed on 14 July 2020 before the prefectural authority.

The attention paid to the specific needs and possible criticalities of each employee involved in the transfer has been implemented through the activation of a dedicated listening table, where Comer Industries has acknowledged and processed the specific individual situations. This direct contact with the people has led to the implementation of various measures aimed at facilitating the transition to the Reggiolo plant, such as the activation of a shuttle bus that, on a daily basis, runs the round trip between the two plants.

Among the other positive responses aimed at guaranteeing the continuity of the activities, there has been a conscious and proactive acceleration of technological and digital innovation that Comer Industries has promptly put in place on a large scale, placing the entire workforce in a position to perform their activities remotely also through digital collaboration tools.

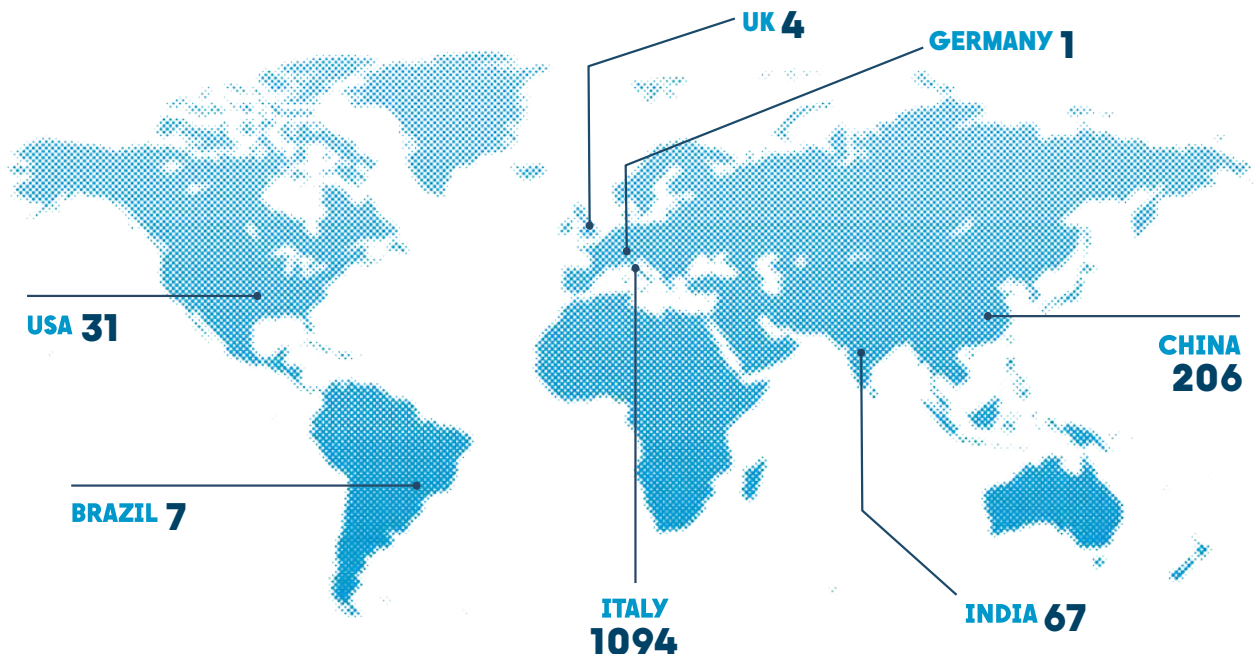
Digital has acted as an extraordinary lever to ensure continuity and create awareness of a new way of working, an experience that is being analyzed and, in ways yet to be defined, will be implemented on a more widespread basis.

COMER INDUSTRIES PEOPLE

Unless otherwise specified, all data relating to personnel are presented with reference to the actual data at the end of each financial year (*Headcount*), including information relating to outsourced workers, since they are an integral part of the workforce and are therefore involved in all respects in the application of the personnel management and development policies described above. As from the next reporting period, separate specific information will also be provided with reference to all categories of external workers who collaborate with Comer Industries.

At December 31, 2020, Comer Industries staff amounted to 1,410 people, of which 267 outsourced workers, increasing by **74 units (+6%)** compared to the previous year.

Corporate population is more concentrated in Italy (78%) and in China (15%), where main production plants are located, while the remaining part of workers (7%) is distributed among Indian plant and USA, Brazil, England and Germany subsidiaries.



DISTRIBUTION OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

The percentage of employees hired on permanent contracts in 2020 is lower than the 2019 figure mainly due to the effect of the pandemic, which has certainly generated volatility and uncertainty on the volumes and activities planned for the year. This dynamic, despite the fact that the number of staff joining the Group is higher than the number leaving, has led to the decision to adopt greater flexibility. The percentage of female gender in the workforce in 2020 compared to 2019 also remains substantially unchanged at around 10%. The prevalence of the male component is mainly due to the type of work carried out inside the plants, particularly in departments such as assembly and mechanical processing.

	2019				2020			
	FEMALE	MALE	TOTAL ¹	%	FEMALE	MALE	TOTAL ¹	%
TEMPORARY	8	224	232	17%	12	335	347	25%
PERMANENT	137	967	1,104	83%	123	940	1,063	75%
TOTAL	145	1,191	1,336	100%	135	1,275	1,410	100%
% ON TOTAL	11%	89%	100%		10%	90%	100%	

¹ For details of the distribution by gender and geographical area, see Appendix - Table 1.

DISTRIBUTION OF EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER

There was no change in percentage terms during the period compared to the previous year.

	2019				2020			
	FEMALE	MALE	TOTAL	%	FEMALE	MALE	TOTAL	%
FULL - TIME	123	1,185	1,308	98%	116	1,269	1,385	98%
PART - TIME	22	6	28	2%	19	6	25	2%
TOTAL	145	1,191	1,336	100%	135	1,275	1,410	100%

DISTRIBUTION OF EMPLOYEES BY CATEGORY AND GENDER

The distribution of job categories shows a dynamic in line with general trends in the employee population and the industry.

	2019			2020		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
EXECUTIVE	0.1%	0.4%	0.5%	0.1%	0.4%	0.5%
MANAGER	0.3%	3.5%	3.8%	0.3%	3.1%	3.4%
LEAD PROFESSIONAL	0.6%	4.6%	5.2%	0.5%	3.8%	4.3%
PROFESSIONAL	1.2%	7.0%	8.2%	1.0%	6.9%	7.9%
SPECIALIST	5.9%	17.2%	23.1%	5.3%	16.0%	21.3%
WORKER	2.8%	56.4%	59.2%	2.5%	60.1%	62.6%
TOTAL	11%	89%	100%	10%	90%	100%

DISTRIBUTION OF EMPLOYEES BY JOB LEVEL AND AGE GROUP

A cross-sectional trend of an increase in the proportion of employees aged up to 30 years is evident, as opposed to a reduction in the population aged 31-50 and over 50. This dynamic is partly due to a physiological generational change, especially in the *Workers* segment and, to a lesser extent, to employment growth of 6% of the total employed population.

	2019			2020		
	UP TO 30	BETWEEN 31 AND 50	OVER 50	UP TO 30	BETWEEN 31 AND 50	OVER 50
EXECUTIVE	-	0.4%	0.1%	-	0.3%	0.2%
MANAGER	0.4%	2.8%	0.7%	0.2%	2.4%	0.8%
LEAD PROFESSIONAL	0.5%	3.5%	1.1%	0.4%	2.9%	1.0%
PROFESSIONAL	2.0%	4.0%	2.2%	2.1%	3.6%	2.3%
SPECIALIST	5.1%	13.5%	4.6%	4.4%	12.3%	4.6%
WORKER	20.1%	27.3%	11.8%	24.5%	26.5%	11.6%
TOTAL	28%	51%	21%	32%	48%	20%

THE EMPLOYEE TURNOVER

In 2020, 396 people were hired against 312 who left, a positive reversal of the balance from the previous year. The recorded incoming staff rate is 28% compared to the outgoing staff rate of 22%.

	2019			2020		
	FEMALE	MALE	TOTAL ¹	FEMALE	MALE	TOTAL ¹
HIRED EMPLOYEES	25	396	421	10	386	396
HIRED EMPLOYEES RATE	2%	30%	32%	1%	27%	28%
TERMINATED EMPLOYEES	36	438	474	20	292	312
TERMINATED EMPLOYEES RATE	2%	33%	35%	1%	21%	22%

¹ For details of the distribution by gender and geographical area, see Appendix - Table 2.

	2019				2020			
	UP TO 30	BETWEEN 31 AND 50	OVER 50	TOTAL	UP TO 30	BETWEEN 31 AND 50	OVER 50	TOTAL
HIRED EMPLOYEES	331	88	2	421	353	41	2	396
HIRED EMPLOYEES RATE	25%	7%	0%	32%	25%	3%	0%	28%
TERMINATED EMPLOYEES	327	130	17	474	240	48	24	312
TERMINATED EMPLOYEES RATE	24%	10%	1%	35%	17%	3%	2%	22%



TRAINING

VALUE AND COMPETITIVE FACTOR

Comer Industries considers training to be a value and a competitive factor, attributing it a **strategic role**, and firmly believes in **transversal skills**, as the basis for the majority of its training courses that combine with professional development courses.

Training involves all phases of the employee's worklife:

- initial introductory training: upon hiring, with programs associated with safety in the workplace, followed by focused induction training for white collar workers and training programs for staff in the production departments;
- continuous training: in technical-specialist areas for specific work tasks, for job rotation or for covering roles of growing or different responsibility;
- management training: for the development and enhancement of soft skills.

Comer Industries' procedures provide for a process of gathering training needs and analyzing them, with the aim of developing a **training strategy** to be implemented through the drawing up of training programs, shared with Management.

COMER ACADEMY

Given the strategic role attributed to training, Comer Industries created **Comer Academy** in 2008, the in-house training school, which promotes and manages centrally organized training for the entire staff, with the objective of making transversal operating methodologies, approaches and solutions immediately applicable in the different Company processes. The challenge of Comer Academy is to create training programs that foster the **sharing of knowledge and modes of behavior, with the aim of enhancing people's motivation and development**.

Again in 2020, despite the difficulties caused by the restrictions, training investment remained unchanged compared to the previous year, as shown by the number of hours of training per person. A large part of training activities has necessarily been provided online/through webinars, so as to guarantee its continuation.

In a year full of challenges and changes, Comer Academy has never fallen short in its support, giving priority to training on health and safety, in line with government provisions, and guaranteeing participants total compliance with measures for the prevention of contagion from COVID-19.

TRAINING PLAN

The process of developing skills applies to the individual in three ways:

- **knowing:** linked to the development of know-how, intended as the specific knowledge required by the profession. It includes updates or instruction on new technologies, methods and whatever else is necessary to adjust the level of preparation to work requirements;
- **doing:** linked to the development of ability, considered as professional skills connected with the performance of the work activity and the use of knowledge linked to the role;
- **being:** linked to the development of the individual's personal qualities, indispensable for increasing know-how and orienting their professional skills towards planned corporate objectives. This quality is closely linked to the attitude to work and performance (accomplishment, determination, autonomy, effectiveness and efficiency), to the management of relations (open, positive, reliable) and to the more subjective personal development and growth (the propensity to change, balance, creativity).

The process of gathering training needs starts with the definition of the knowledge and skills, both technical and managerial, necessary for the roles provided for inside the organization, through exchange between department managers and Comer Academy. The training plan is drawn up further to these evaluations, including objectives, contents, the number of participants (single or groups, identified on a departmental or interdepartmental basis or on the basis of professional categories and levels), means of organization, type of teachers and external financial sources, if appropriate. Mandatory training requirements concerning safety are managed through a computerized system that monitors deadlines, thereby ensuring compliance. The effectiveness of the training is measured through learning tests and appreciation tests. The first checks the effectiveness of the training program after which corrective actions can be taken in the event the participant has not reached the required level. The second test highlights the points of strength and/or weakness of the course with the aim of improving the service from an organizational point of view.

MANUFACTURING TRAINING SYSTEM

Great attention is given to **induction in the Company**, especially in the production departments, in which targeted training is provided, aimed at taking the new employee to an adequate level of effectiveness and autonomy in the performance of their work, with a focus on **safety**. This process, defined as the **Manufacturing Training System** requires close collaboration between the human resources department, production staff and the factory's quality area.

The process is divided into various phases. The new employee, after having completed the preliminary training on safety, is **instructed on Company policies, procedures and rules of conduct**. **The QHSE regulations and standards applicable to the department are then covered**, followed by **specific training**, both in the training area and at the workstation. The last check of the effectiveness of the training, which allows the operator to work autonomously, is carried out in the quality area of the factory.

THE TRAINING COMMITMENT

The table below, including information regarding outsourced workers, proves the Company's strong commitment to **training**. A large part of the training activities organized in the first half-year of 2020 were in **WEBINAR mode**, guaranteeing regular provision in compliance with the restrictions linked to the COVID-19 emergency. In compliance with government provisions, a significant quantity of courses linked to safety and training in production departments was organized **on site**, with all possible measures aimed at containment and prevention, in order to guarantee employees the necessary knowledge and skills for working **in safety and in quality**. The figure of **8 hours per employee** of training on the topic of health and safety, **increasing by 60%** compared to the previous year, confirms this commitment. The falling figure relating to the female population is linked to incoming turnover dynamics, as technical staff are predominantly male.

TRAINING HOURS PER EMPLOYEE	2019			2020		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
MANAGERIAL	6	3	3	6	2	3
SAFETY	3	5	5	4	8	8
TECHNICAL	14	14	14	2	13	11
OTHER	1	1	1	1	1	1
TOTAL	24	23	23	13	24	23

During 2020 Comer Industries set up the **Road To Hana 2020** training program for the entire Executive Team and top levels of the Company, involving them in the definition of projects to be included in the strategic plan for the coming years, through which to consolidate the economic results achieved and to face the challenges of the future.

TRAINING HOURS PER EMPLOYEE	2019			2020		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
EXECUTIVE	26	18	19	72	62	63
MANAGER	16	25	24	14	26	25
LEAD PROFESSIONAL	31	23	24	20	15	15
PROFESSIONAL	48	28	31	42	24	26
SPECIALIST	19	18	19	7	10	9
WORKER	24	24	24	10	28	27
TOTAL	24	23	23	13	24	23

TRAINING PROGRAMS

Education Lab / SDA Bocconi School of Management

Comer Industries' most important training initiative in 2020 was organized and implemented in collaboration with SDA Bocconi, a partner with many years of experience. **Education Lab** is a strategic management training project, tailor-made for the younger talented staff of Comer Industries. The course is organized in modules and scheduled over a period of three years, from 2020 to 2022. A specific technical module is covered each year plus a module dedicated to soft skills.

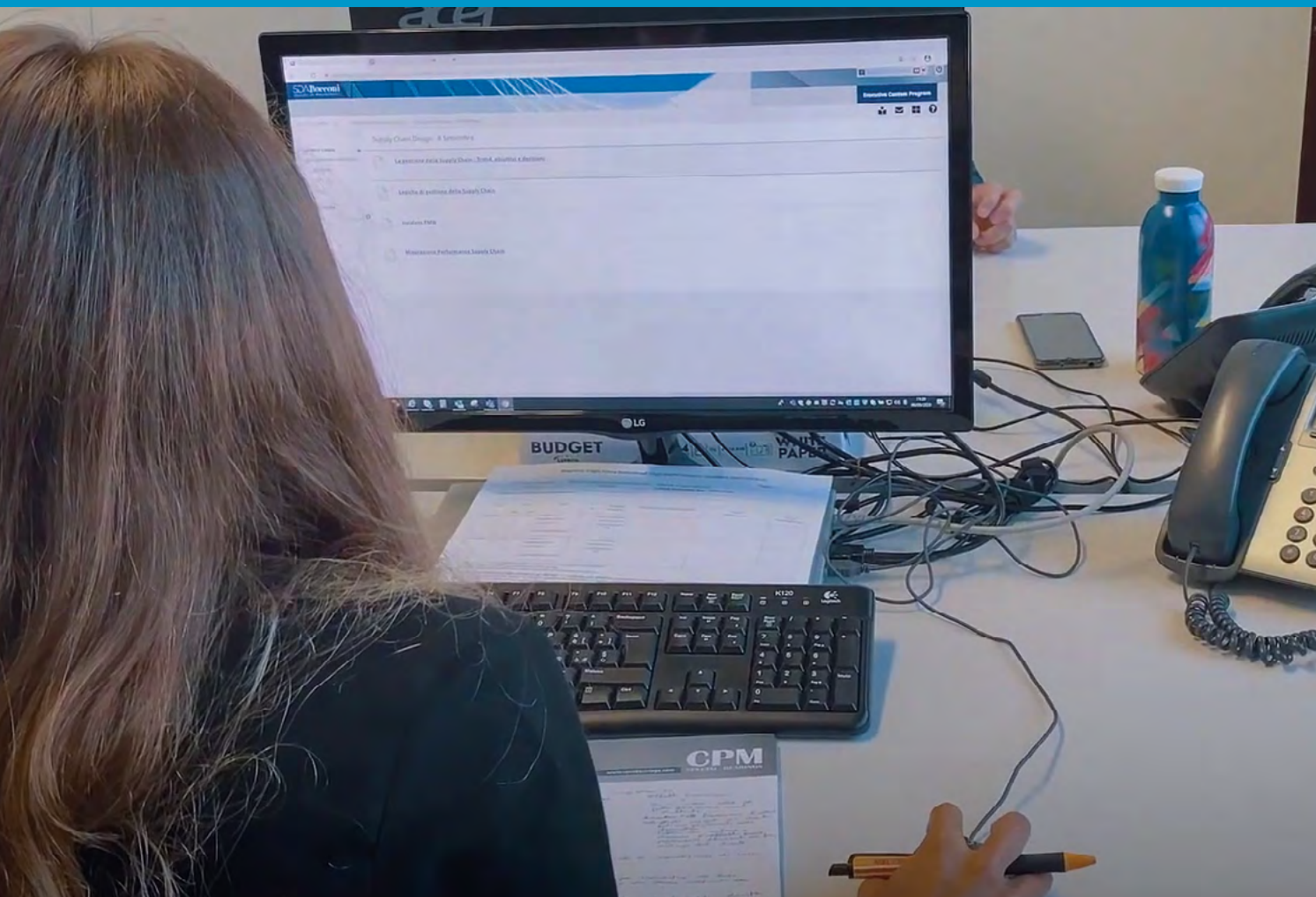
Education Lab has been developed to cover issues relating to Supply Chain, Sales & Marketing and Research & Development. It involves around 40 people belonging to different departments, with different academic and professional paths. During 2020 the participants were able to learn more about the logistics of the Supply Chain and advanced negotiating techniques; they took part in a number of games, guided by Bocconi University lecturers, during which they were able to take on different roles. The program followed in the first year was much appreciated: those who had already worked or were working in the Supply Chain were able to learn more about issues, to share experiences with colleagues and with the professionals from SDA Bocconi. Those, instead, who had never had direct contact with this context, had the possibility of laying the foundations for a basic understanding of this area and to analyze issues that could be useful for their work activities. The lessons, initially on site, were re-modulated into online sessions that turned out to be extremely effective thanks to the *BlackBoard* platform made available by SDA Bocconi.

The project concluded with a day of business games, in which 5 different groups competed against each other, and from which a winning group emerged, communicated both inside the Company and through social channels. This training program was characterized by motivation, enthusiasm and healthy competition right from the outset.

EDUCATION LAB IS A STRATEGIC MANAGEMENT TRAINING PROJECT, SCHEDULED OVER A PERIOD OF THREE YEARS

In line with the Company's proactive approach in this emergency period, Comer Academy also set up a substantial training program on the Company Protocol for containing COVID-19, which involved the entire Company staff; this specific training will continue to be provided to all newly hired staff.

Comer Academy has planned for 2021 widespread training on issues relating to cybersecurity, regulations on the processing of personal data, the Organizational Model and the Code of Ethics for the responsible management of corporate activities, which will be organized in webinar mode, given the persistence of critical issues related to the pandemic.



INTERNAL COMMUNICATION

Comer Industries promotes the participation of everyone in the organization, through a specific communication policy. Besides organizing traditional opportunities for exchange between management and the workforce, the Group is committed to the development of new channels of communication that can foster the sharing of Comer Industries' values, the Group's purpose and brand identity.

All staff are updated and informed on the news and performance of the Group through the publication of CEO statements, news, announcements on organizational developments and newly-hired staff, Company contests, updates on sustainable development projects, case studies and much else besides.



In this era of digital revolution, Comer Industries has been very determined to be a **driver of innovation** and at the cutting-edge of its sector with regards to communication tools and to sharing with its own people. To this end it has created an **App dedicated to internal communication**. It's an interactive tool which is useful in terms of employee engagement, allowing for a constant exchange of information between all staff in the Group's sites and, at the same time, promoting the development of relations at work.

The App is used by Comer Industries employees on their own mobile devices. It's possible, in fact, to view the pay slip, request holidays and leave, approve justifications given by staff regarding any deviations from contracted working hours and access the Company agenda from the app, besides being updated in real time of communications coming from the Comer Industries world. A "social" section is also included in the App, through which staff can take part in Company life and share aspects of their life inside and outside Comer Industries.

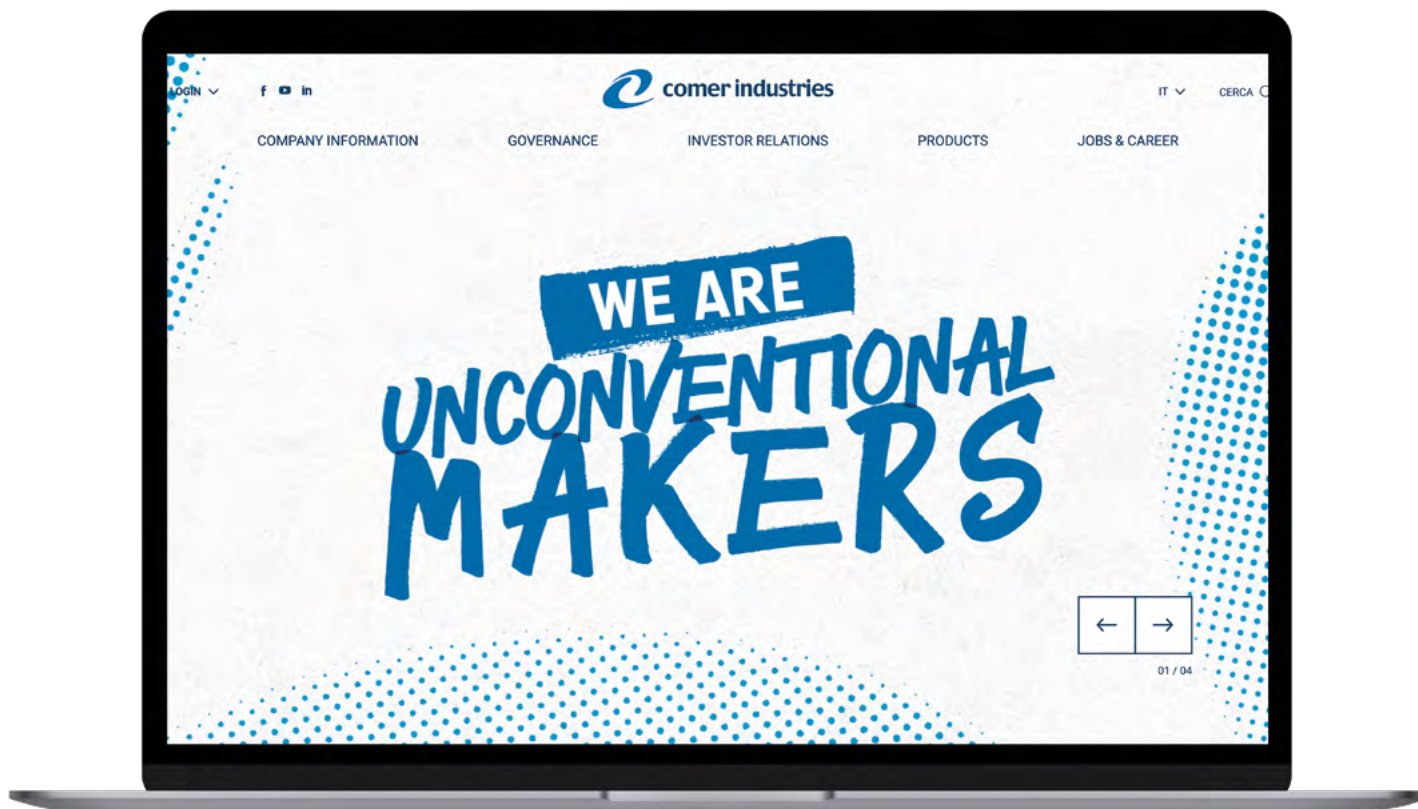
The App works side by side in an integrated way with the **ARYA Company intranet, the other evolved channel expressly dedicated to communication and operating tools**, in which every single Company member of staff can remain updated with corporate messages, the latest news, internal events and photographs and videos.

It's an important and effective channel through which Comer Industries makes work instruments, documents, procedures and essential organizational information available in order to facilitate the activities of its staff.

Comer Industries continuously develops **its own website, which remains a strategic and genuinely distinctive tool**. A significant restyling of the structure and contents of the www.comerindustries.com pages has been carried out in recent months. It's not just a simple updating, but a re-thinking of the online space, also conceptually, with a wide use of videos and testimonials, focused on **the Company's values, history and people**: narration and dialogues with the stakeholders. A choice has been made to share the distinctive aspects of Comer Industries, aimed also at attracting and developing the best talents.

Comer Industries uses a **Digital Signage system, present in all Group sites**: a network of interactive touch totems, monitors and displays installed on the automatic distributors in the break areas and digital notice boards, with information and photographs. It's an initiative forming part of a wider visual communication development project in Comer Industries, making visual elements key features of the Group's physical environments and communication tools.

The App, the Arya Intranet, the continuously evolving website and Digital Signage: a heavily integrated network of communication tools. They demonstrate Comer Industries Group's intention to establish a close and collaborative relationship with its staff, to enhance the fundamental asset which is its people, to inspire them and involve them in shared objectives, to spread know-how and do so always with enthusiasm and highly innovative tools. This is also what being **Unconventional Makers** means.



OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY POLICY

The protection of the health of workers and the safety of workplaces are essential factors for sustainable and long-lasting development. Comer Industries has therefore decided to deal with workers' health and safety issues with a systematic approach which is fully integrated with the business, implementing a management model at global level conforming to the ISO 45001:2018 standard, one of the most modern and advanced at international level, aimed at the prevention of work-related injuries and ill health and based on the management of risk in decision-making processes.

Through the coordination of the QHSE department, the process of extending the Management System according to ISO 45001:2018 to all the Group production sites was set up in 2020, with the aim of adopting the highest standards and best practices concerning health and safety management at a global level, going beyond the specific legislative requirements of each country.

Through the implementation and subsequent phase of certification of the System, issued by the RINA accredited certification body, a current percentage of **99%¹ of Group employees** is covered by a certified **Health and Safety Management System** conforming to the **ISO 45001:2018** standard.

Comer Industries is committed to further increase its management system efficiency, taking actions to improve its results; simplification, the reduction of risk, the guarantee of compliance and performance. With regards to this last aspect, the QHSE department identifies not only the most appropriate performance indicators on the basis of Company processes and the organizational model but, on an annual basis, defines specific quantitative targets to achieve for each single site, on the basis of the results obtained in the previous year and on overall strategies. 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 process for the continuous improvement of performances and the creation of ever safer and more ergonomic workplaces is underpinned by an inclusive approach, based on the participation of all workers in the identification of dangerous situations, through initiatives aimed at the widespread awareness of risk and the active role of workers in improvement processes.

Besides involving workers and workers' representatives in the risks assessment and analysis of injuries and near misses, Comer Industries makes available to all workers various tools for the communication of hazardous situations or behaviors, working together in the subsequent analysis phase and focused on the evaluation of the risk and the elimination of the hazard.

Through a structured training program directed to all Company staff, right from entry into the Company, Comer Industries intends to firmly establish a culture of safety and compliance with the rules, promoting responsible behavior on the part of all staff.

¹ With the exception of the subsidiaries Comer Industries UK, Comer Industries do Brasil and Comer GmbH

INJURIES

No fatalities or injuries with serious consequences were registered at global level in 2020. The total number of recordable injuries relating to staff was 18 events for over 2 million worked hours.

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

INJURIES	2019 ¹			2020 ¹		
	ITALIAN SITES	OTHER SITES	TOTAL	ITALIAN SITES	OTHER SITES	TOTAL
NUMBER OF FATALITIES AS A RESULT OF WORK-RELATED INJURY	-	-	-	-	-	-
NUMBER OF HIGH-CONSEQUENCE WORK-RELATED INJURIES (EXCLUDING FATALITIES)	2	-	2	-	-	-
NUMBER OF WORK-RELATED INJURIES WITHOUT HIGH CONSEQUENCES	18	1	19	15	3	18
NUMBER OF RECORDABLE WORK-RELATED INJURIES	20	1	21 ²	15	3	18 ²
NUMBER OF WORKED HOURS	1,685,438	561,149	2,246,587	1,455,118	551,535	2,006,653

¹ The total number of employees includes outsourced workers. The Company will further analyze data relating to external collaborators and suppliers operating at the Group's sites and/or under the Group's control.

² For details on the type of injuries, see Appendix - Table 3.

Overall, the recordable work-related injury index for 2020 was 1.79 due to a total of 18 injuries, of which 15 at Italian plants, and 3 abroad, with a **decrease of 4%** compared to 2019, reflecting the commitment to the continuous improvement of safety conditions in the workplace and prevention activities in terms of health and safety. Specifically, the Pegognaga plant achieved the objective of **zero injuries**, having recorded none during the year.

	2019 ⁴	2020 ⁴
RATE OF FATALITIES AS A RESULT OF WORK-RELATED INJURY ¹	-	-
RATE OF HIGH-CONSEQUENCE WORK-RELATED INJURIES (EXCLUDING FATALITIES) ²	0.18	-
RATE OF RECORDABLE WORK-RELATED INJURIES ³	1.87	1.79

¹ (No. of fatalities / No. of worked hours) * 200,000.

² (No. of high-consequence work-related injuries / No. of worked hours) * 200,000.

³ (No. of recordable injuries / No. of worked hours) * 200,000.

⁴ Worked hours do not include the data for the subsidiaries in the USA, Brazil, Germany and the UK.



AT THE PEGOGNAGA PLANT

WORKER AWARENESS AND PARTICIPATION

For several years now, Comer Industries has been using tools aimed at promoting the active participation of workers in activities to improve safety in the workplace. At all sites where it operates, a system is in place for the identification and communication by all workers of potentially hazardous situations (without any negative event occurring). During 2020, there were 2,491 prior warnings of potential hazard at a rate of 1.76 per person. Each report is submitted to analysis by a technical team in order to implement the relevant risk mitigation actions and communicate feedback to those who detected the hazard. This approach is based on the assumption that there is a cause-and-effect relationship and a pyramid-type proportion between the sources of hazards and the number of injuries. As consequence continuous action on hazards and relevant causes determines a gradual reduction in the number of injuries.



With regard to its contractors, Comer Industries carries out constant monitoring through a preliminary assessment of technical suitability and subsequently of the service provided.

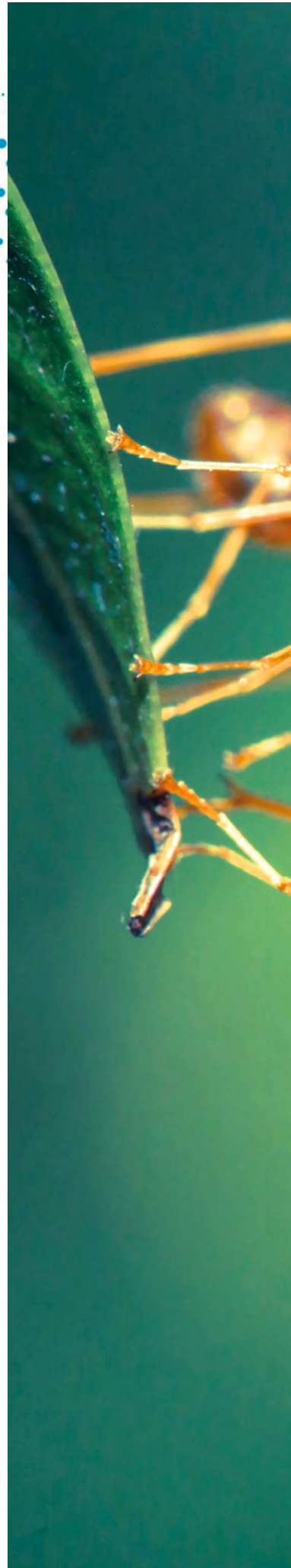
In addition, all non-employee persons who, for any reason, access the Group's premises must watch a video that explains the rules and criteria to be followed in Company areas, with the aim of containing risks and avoiding interference with the normal flow of Company activities.





CHAPTER 6

TERRI TORY DEVELOPMENT





For Comer Industries the territory is a physical space to preserve and enhance. To consolidate its commitment to the sustainable development of local contexts in the province of Reggio Emilia and the areas of the world in which its operations are present, in these years the Company has set up a series of programs, support activities and partnerships of a cultural or charitable nature, in support of innovation, education and environmental sustainability. Comer Industries' projects and partnerships, which are aimed at improving the social, cultural and environmental context of local communities, are described below.

THE PARTNERSHIP WITH UNIVERSITIES - ITALY

For Comer Industries, training, not only of its employees but also of young and talented people, is essential for the development of the Company and of the territory in which it operates. This strategy is put into practice through a close collaboration with the major Universities in the territory, with which specific courses are developed involving teaching by Comer Industries staff. In 2020 the Company set up courses in partnership with **the University of Parma and the University of Modena and Reggio Emilia** with a particular focus on topics linked to Lean Management and mechanical design. Comer Industries' staff shared their theoretical and practical knowledge with the students of specialist courses in Mechanical and Management Engineering, providing them with operating tools and a direct channel for accessing vacant positions in the Company. For students that stood out in the courses organized, the experience ended with the possibility of carrying out an internship with the Company, initiating an authentic virtuous cycle of exchange between academia and the world of work. With the University of Padua, an internship in the field of mechanics was, instead, set up, in which the student was followed by a tutor from the Company, guiding him in the development of the project.

In 2020, moreover, in partnership with SDA Bocconi School of Management, Comer Industries set up "Education Lab" a specific training program for young employees in the Company. The course is multi-disciplinary and organized with the aim of training a new generation of managers with an understanding of the aspects that characterize the entire business process. It is a three-year program concluding in 2022: an investment that the Company has decided to make in its internal human resources, in line with the group's values, which puts people at the center of the organization, the heart of the entire process. The relationship with the Universities forged by Comer Industries is not limited to training: the Company, in fact, takes part in the major Career Days organized in the territory, presenting the organization and current employment opportunities. They are important appointments both for young graduates and for the recruiters of Comer Industries which, over time have allowed for the development of profitable collaborations with young talents in the territory.

Finally, Comer Industries financed, for the third consecutive year, **UniMoRe 2020**, the project to transform the former Reggio Emilia Seminary into a university site, with the aim of providing new spaces for training the new generations in the territory, and in particular in the University of Modena and Reggio Emilia. The university complex, opened in November 2020, will, when at full capacity, be able to accommodate up to 2,000 people including students, lecturers and office staff. The objective is to make Reggio Emilia a first-class venue in the field of university education, thanks to important synergies with other faculties and the effective exploitation of the digital component. An entire wing of the new structure will, in fact, be devoted to recording studios for multimedia contents useful for the various study programs.

VIDYA HOME – BANGALORE - INDIA

The **Vidya Home project in Bangalore**, the result of a partnership with the *Namaste, Onore a te* organization which has sites in Italy and in India, was launched to mark the 50th anniversary of Comer Industries. The objective of the initiative is to provide concrete support to the local community, providing selected female students with resources and safe accommodation, a place where they can cultivate their talent, supporting them throughout their course of studies. Vidya Home, situated in Bangalore, one of the most important Indian cities where Comer Industries is present with a production site and sales offices, currently accommodates 10 girls. The structure guarantees them food, lodging and protection, through the presence of a tutor who lives permanently in the house and takes care of their daily needs. Thanks to this structure, the girls can concentrate on their studies in their chosen university city without being a burden on their families: it's a support for female education and, as a consequence, the achievement of economic autonomy.



“THE LANGUAGES OF GEARS” ATELIER REGGIO EMILIA - ITALY



Thanks to a partnership project between Comer Industries and Reggio Children, the “**The languages of gears**” Atelier was designed and set up in 2020 at the Loris Malaguzzi International Center in Reggio Emilia, the “showcase” venue of the *Reggio Emilia Approach*, the educational philosophy that has spread from Reggio Emilia’s schools and nursery schools to the entire world.

Two apparently distant universes, education and industry, have come together to develop a program of research with the participation of engineers, atelier staff, pedagogists and architects.

The idea behind the Atelier is to look into mechanical phenomena, the motion of bodies and the numerous physical principles that govern it; it will be open to a public aged 0 to 99 and will be officially opened in early 2021. It will be available for schools of every type and level, to families and to Italian and foreign visitors to the International Center. In this place of experimentation and research, adults and children will be able to encounter and compare manufactured articles, discover their innate beauty and understand the physical principles on which the creative processes that generated them are based.

It’s an idea that arose out of the wish to create a universal educational approach of quality, using the technical specialization and expertise in the mechanical sector that the Company has developed from its inception to today.

LE VILLAGE BY CRÉDIT AGRICOLE: SUPPORT TO INNOVATION

During 2020 Comer Industries became the partner of **Le Village by CA Parma**, a project dedicated to innovation organized by Crédit Agricole which on 20 July 2020 opened the new offices in Parma, with the support of the most important institutional and industrial entities in the local territory. It's an incubator that fosters knowledge and interaction between start-ups and financial and industrial businesses in the territory.

The start-ups that gain access to the Village can benefit from services to accelerate their business, receive support in fundraising and also develop abroad. For Partners and Enablers, entering Le Village by CA means joining an ecosystem that creates value for all the entities involved.

Thanks to the network developed by the start-ups in the Village, Comer Industries is entering into contact with young start-uppers working on the development of new technologies.

The start-ups involved will, for their part, have the opportunity to work side-by-side with structured businesses able to accompany them in their path of growth.

FAI CORPORATE GOLDEN DONOR – ITALY



Again, in 2020, for the second consecutive year, Comer Industries supported FAI - Fondo Ambiente Italiano (Italian Heritage Trust) through joining the **Corporate Golden Donor** Company membership program, with the shared intention of developing a protection project which is also a cultural challenge: making Italy a more beautiful place to live and work in and to bring up our children.

The landscape and artistic heritage that the FAI safeguards and promotes is, in fact, a unique heritage in the world and a fundamental resource in which to invest to revive, develop and enhance the country. Thanks to the support of its numerous members, for over 40 years FAI has been able to protect and manage as many as 61 Heritage Assets throughout the national territory. Important historical, artistic and landscape sites have been saved from neglect and restored, protected and opened to the public.

Every day FAI is committed to protecting and making accessible to everyone splendid jewels of art, nature and culture spread throughout the Italian countryside, cities and coasts; the aim is to educate and raise awareness of our knowledge about, and respect and care for, art and nature, and to be a mouthpiece for the interests and claims of civil society, monitoring and actively intervening in the territory.

PARTNERSHIP WITH SESSANTALLORA: SUSTAINABLE MOBILITY

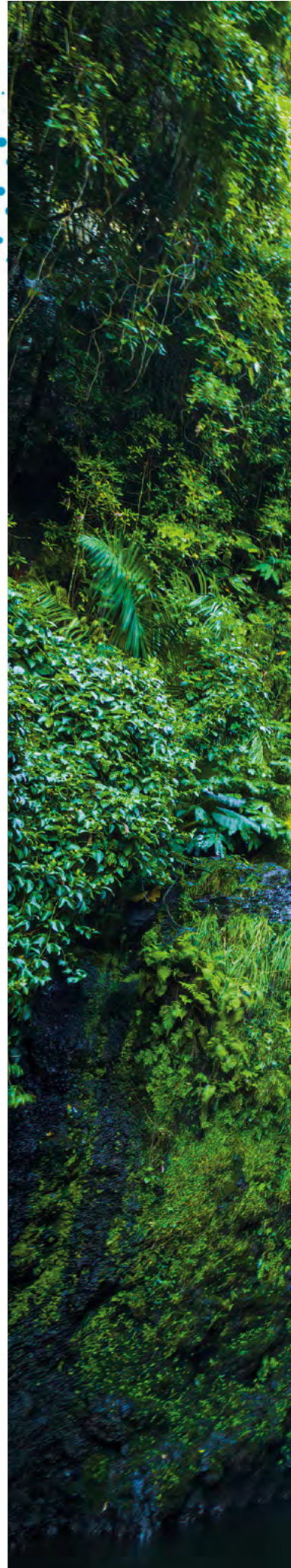
Since 2018 Comer Industries has been supporting *Sessantallora*, the *Associazione Sportiva Dilettantistica* (Amateur Sporting Association) of Carpi (MO) which promotes activities in the cycling, mountain bike and triathlon sector. To raise the awareness of its employees about **sustainable mobility** topics, the Company encourages a greater use of the bicycle, the green mode of transport par excellence. Moving around on a bicycle means, in fact, choosing a simple, economic and eco-sustainable vehicle, which contributes to reducing atmospheric pollution and to safeguarding our wellbeing and that of the environment.

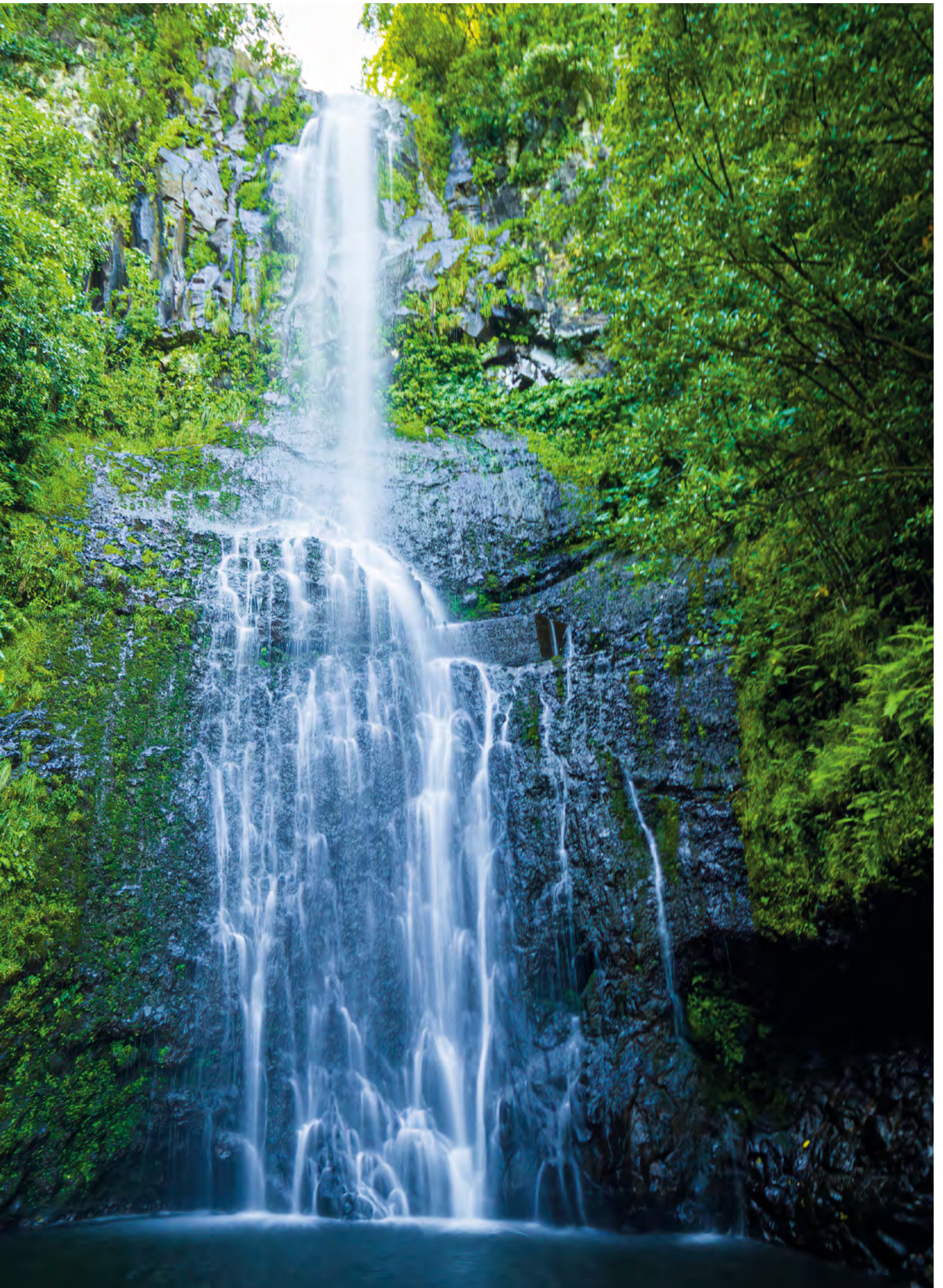


THE MEDIEVAL FORTRESS OF REGGIOLO (RE)

CHAPTER 7

**THE
EN
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MENT**





THE ENVIRONMENTAL POLICY

Sustainable development requires guidelines, ethical and moral attitudes, policies and instruments that direct the action of everyone towards the protection of the ecosystem. Comer Industries takes concrete actions to reconcile productive activities with environmental sustainability, in line with what is declared in the Integrated Quality, Health and Safety and Environmental Policy.

Specifically, this expresses a strong commitment to promoting internal and external projects and actions, involving the supply chain, aimed at preventing environmental accidents, the reduction of energy consumptions and the quantity of waste through the optimization of production processes, the sustainable use of resources and an increase in recycling percentages.

To this end, projects for the mapping of the composition of the raw materials used for the production of a number of categories of finished product have been set up in order to take improvement actions regarding the possibility of recycling and reductions in environmental impacts along the product's entire life-cycle. In a subsequent phase these interventions can be extended and standardized in the design and procurement procedures.

In order to implement in practice and enhance the commitment to reduce environmental impacts, Comer Industries has set up an Environmental Management System according the ISO 14001:2015 standard, extending it to all the Group's sites and integrating it with the pre-existing quality and safety management models. As a result, Comer Industries optimizes its processes in a virtuous cycle of continuous improvement with a risk-based approach, aimed not only at reducing waste, but also energy and water resources, industrial waste generated and emissions of greenhouse gases into the atmosphere.

The system for the continuous improvement of environmental performance is based on an annual definition of key indicator targets in line with strategic goals and a detailed program of interventions aimed at their achievement, with a clear allocation of resources, responsibilities and timeframes. Through a widely-distributed system for the collection of data and monitoring panels, trends are continually assessed at local level and then aggregated, identifying any deviations from the targets and taking prompt corrective actions. The QHSE department carries out periodic audits in all the Group's sites with the aim of checking conformity to applicable mandatory requirements, the correct application of reference procedures and, ultimately, the System's effectiveness.



CLIMATE CHANGE, ENERGY AND EMISSIONS

THE EUROPEAN UNION AND THE TCFD RECOMMENDATIONS

The Communication of the European Commission, *Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)* was published in June 2019. This Communication, which is a supplement to the guidelines issued by the same Commission in 2017 on non-financial reporting provided for by EU Directive 95/2014, contains (non-binding) guidelines on the information to provide on the part of enterprises regarding climate change, supplementing the recommendations of the Task Force on Climate-related Financial Disclosures –TCFD of the Financial Stability Board.

COMER INDUSTRIES' REPORTING SYSTEM

Comer Industries' current reporting system on climate change with respect to the TCFD recommendations is summarized below:

AREAS	COMER INDUSTRIES DISCLOSURE
SCENARIOS, RISKS AND OPPORTUNITIES (BUSINESS MODEL)	<p>The effects of climate change can have significant impacts on the sectors in which Comer Industries operates; these impacts might affect the technological evolution of products and applications intended for reference industries (machinery for agriculture and building and for the forestry, energy and industrial sectors). At the same time, the energy transition, as a solution for mitigating the effects of climate change, is an opportunity for Comer Industries to strengthen its position in the wind-power generator market.</p> <p>Comer Industries has not, for the present, developed specific medium-long-term scenarios that quantify the resilience and the economic-financial effects of an increase in temperatures less than or equal to 2 °C and a more serious scenario at 2 °C (20). [TCFD recommendation, strategy c)].</p>
GOVERNANCE - POLICIES	<p>Environmental policy and the ISO 14001:2015 management system (see previous paragraph). Energy policy: information provided in comments on the indicators in this section.</p>
TARGETS	<p>Comer Industries carries out annual interventions to improve of its energy profile and reduce emissions, in terms of more efficient energy consumption and an increase in the percentage of energy obtained from renewable sources (in particular, the production of electricity).</p> <p>As part of its membership of the CDP "Carbon Disclosure Project" program, the objective is to define medium-long term emission reduction targets, in line with the commitment to comply with SDG 7 and SDG 13.</p>
PERFORMANCE - INDICATORS AND METRICS	<p>Comer Industries provides the following information with the current reporting system:</p> <ul style="list-style-type: none"> • Consumption of direct energy; • Direct and indirect emissions (GHG Scope 1 and Scope 2) + other emissions relevant to its reference sector; • GHG Scope 3 emissions: a project has been set up to calculate emissions deriving from logistics activities, the first results of which are reported in this document; • Energy and emission intensity indices.

ENERGY CONSUMPTIONS

Energy consumptions have a significant environmental impact. They relate to production activities, to the air-conditioning of environments and the use of fuels for corporate mobility. Comer Industries believes that the management of resources in its factories is of fundamental importance and, in line with what is set out in its Integrated Policy, pursues a path of improvement in the search for energy efficiency. To this end, important investments have been made on plants and infrastructure.

Environmental and energy performances are constantly monitored, both at the level of the single factory and centrally with aggregated data. Energy consumptions are periodically checked at every production site and compared to targets defined at the start of the year. In the management of data, Comer Industries has installed, in all its Italian production sites, a digitally managed panel that shows, in real time, a general analysis of the state of consumptions, highlighting deviations, where present, and the source, supporting in this way the decision-making process and, finally, permitting prompt corrective actions. Since 2020 the system for the monitoring and analysis of consumptions has been extended also to the Chinese plant in order to facilitate energy analysis and therefore to improve the efficiency of the site.

In 2020 the overall energy consumption of the Group was 132,364 GJ, of which **4% coming from renewable sources**. With regards to the consumption of **electricity**, a part, **equal to 9%, comes from the self-generation of energy** from the three photovoltaic systems installed in the Italian sites of Reggiolo and Matera, which produce a total power of 1,450 kWp. The photovoltaic complex of Matera was extended in November 2020 through the installation of a further equipment, with an energy potential of around 500 kWp.

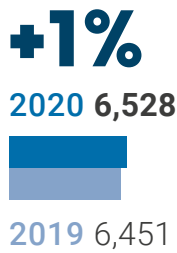
ENERGY CONSUMPTION - INTERNAL (GJ)	2019	2020
NATURAL GAS	60,327	58,728
LPG	36	31
DIESEL	5,105	3,572
GASOLINE ¹	-	2,500 ¹
ELECTRICITY PURCHASED FROM THE MAINS	64,140	61,707
SELF-GENERATED ELECTRICITY - PHOTOVOLTAIC SYSTEMS	6,451	6,528
OF WHICH CONSUMED FOR OWN USE	5,752	5,826
OF WHICH SUPPLIED TO THE MAINS	699	702
TOTAL ²	135,360	132,364
OF WHICH FROM RENEWABLE SOURCES	5,752	5,826

¹ 2019 data not available due to monitoring system being consolidated

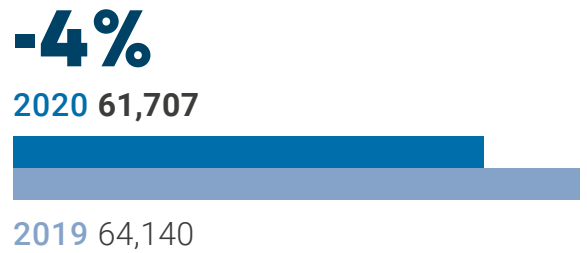
² For details of internal consumption by geographical area see Appendix - Table 4

The 2020 energy consumption deriving from the use of fuels is 49% of the total energy consumed, in line with the previous year's value. Specifically, the largest contribution is represented by the use of natural gas, which accounts for 91% of all fuels and is used both for air conditioning and for production activities such as painting and heat treatment.

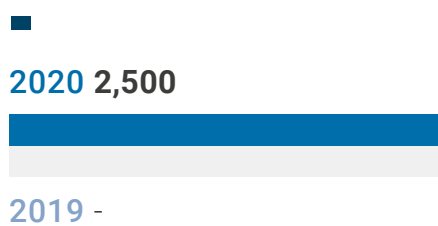
SELF-PRODUCED ELECTRICITY FROM PHOTOVOLTAIC SYSTEM



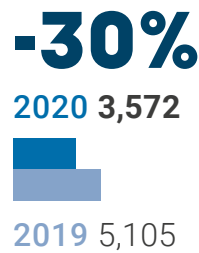
PURCHASED ELECTRICITY



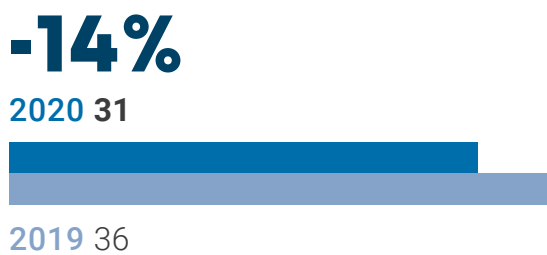
GASOLINE



DIESEL



LPG



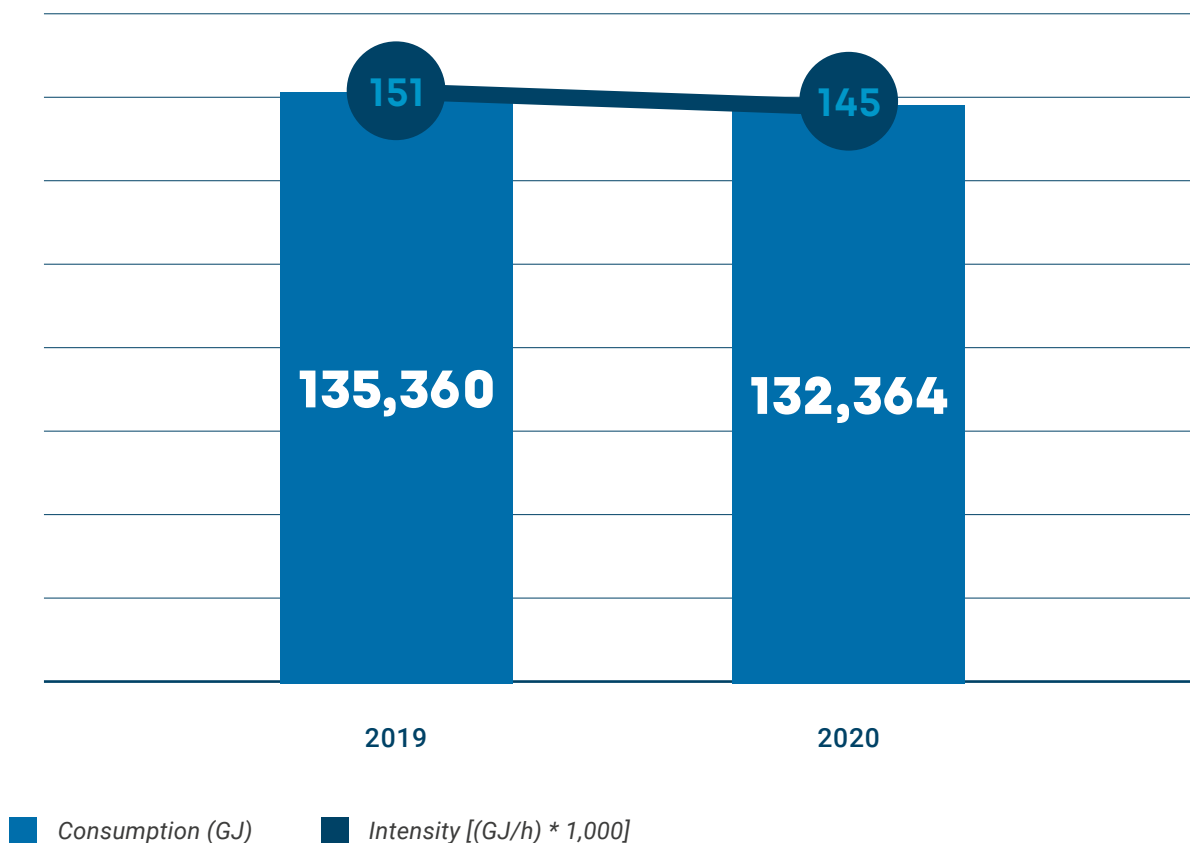
NATURAL GAS



INTENSITY OF ENERGY CONSUMPTION

The 2020 energy performance shows an improvement, both in absolute terms (2% decrease in consumption compared to 2019) and in terms of intensity index (increase in worked hours against a decrease in overall energy consumption), to the extent of 4% compared to the previous year. The improvement is the result of the initiatives implemented in the group's sites, aimed at improving energy efficiency and greater rationalization of energy consumption.

ENERGY INTENSITY



ENERGY INTENSITY - TOTAL (GJ/h)	2019	2020
ENERGY CONSUMPTION (GJ)	135,360	132,364
MACHINE HOURS FOR PRODUCT MANUFACTURING ¹ (h)	896,852	912,532
INTENSITY INDEX ²	151	145

¹ Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.

² (Energy consumption/machine hours for product manufacturing) * 1,000.

OBJECTIVES AND PLANS TO REDUCE ENERGY CONSUMPTION

With a view to continuous improvement, each year specific environmental targets are defined and plans are implemented, across all Company activities, aimed at achieving efficiency and sustainability objectives. Comer Industries' approach to the energy issue is developed around two key concepts:

- reducing consumption - eliminating waste and optimizing efficiency;
- environmental protection - promoting energy production from renewable sources.

In 2020, Comer Industries invested about half a million euros in environmental protection and energy efficiency measures. These include the expansion of the photovoltaic system at the Matera site and interventions to eliminate leaks in the compressed air system and to consolidate the monitoring system.

As of 1 January 2021, the total electricity needs purchased by the **Matera plant** will be covered by guaranteed renewable sources. The site will be the Group's first production facility to consume 100% *green* electricity.



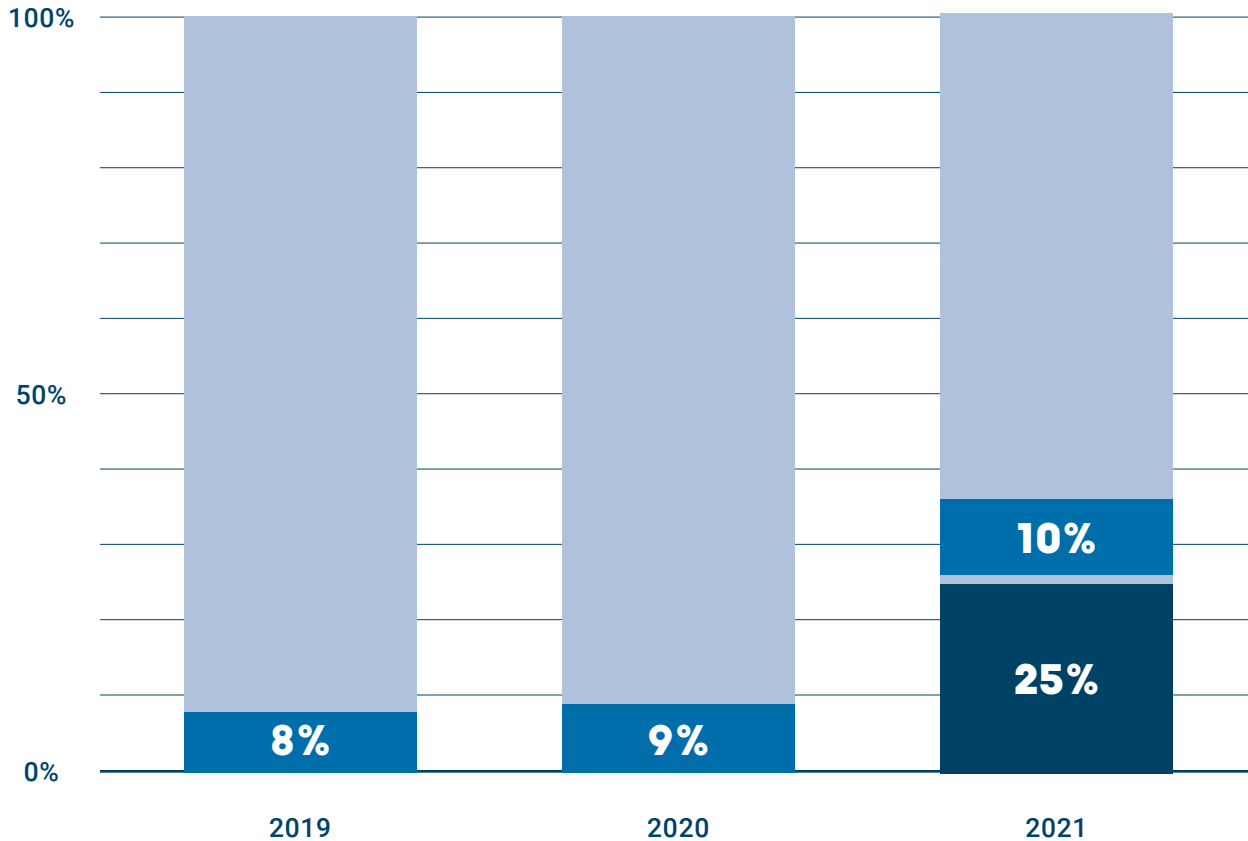
CO₂ FREE ENERGY

FIRST PLANT 100% POWERED BY ELECTRICITY FROM RENEWABLE SOURCES



This initiative will lead to an overall increase in the percentage of electricity from renewable sources from the current 9% to an **estimated 35%**, significantly improving the Group's energy profile.

ELECTRICITY CONSUMED



- Electricity purchased without a certificate of origin
- Self-generated electricity - photovoltaic system
- Electricity purchased from guaranteed renewable sources

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

EMISSIONS

Driven by the energy consumption roadmap and by the awareness of the effects of climate change, Comer Industries pays attention to greenhouse gas emissions related to its processes. The Group is committed to reducing direct (GHG Scope 1) and indirect emissions (GHG Scope 2), on the one hand by improving the energy efficiency of its equipment and on the other by increasing the amount of energy consumed produced from renewable sources.

It should be noted that the calculation of GHG Scope 2 emissions is carried out according to two different approaches: *Location based* and *Market based*. The Location based approach involves the use of average emission factors related to specific national energy mixes for electricity production. The Market-based approach involves the use of emission factors defined on a contractual basis with the electricity supplier. Since until now Comer Industries has not defined specific contractual agreements between Group Companies and the electricity supplier (e.g. purchase of Guarantees of Origin), for this approach the emission factor related to the national “residual mix” is used, where technically applicable.

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

DIRECT EMISSIONS ² GHG SCOPE 1 (t CO ₂ e)	2019	2020
NATURAL GAS	3,079	2,985
LPG	2	2
DIESEL	369	253
GASOLINE ¹	-	168
TOTAL	3,450	3,408

INDIRECT EMISSIONS ² GHG SCOPE 2 LOCATION BASED (t CO ₂ e)	2019	2020
PURCHASED ELECTRICITY	5,013	4,614

INDIRECT EMISSIONS ² GHG SCOPE 2 MARKET BASED (t CO ₂ e)	2019	2020
PURCHASED ELECTRICITY	8,209	7,345

TOTAL EMISSIONS GHG SCOPE 1 + SCOPE 2 (t CO ₂ e)	2019	2020
GHG SCOPE 1 + SCOPE 2 LOCATION BASED TOTAL EMISSIONS	8,463	7,988
GHG SCOPE 1 + SCOPE 2 MARKET BASED TOTAL EMISSIONS	11,659	10,753

Source of emission factors:

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

Scope 2 Location Based: Italy (<http://www.sinanet.isprambiente.it>), USA (<https://www.epa.gov/egrid>), Cina and India (<https://www.iea.org>).

Scope 2 Market Based: Italy (<https://www.aib-net.org>), USA (<https://www.green-e.org>), Cina and India (<https://www.iea.org>).

¹2019 data not available due to monitoring system being consolidated.

²For details of emissions by geographical area, see Appendix - Table 5.

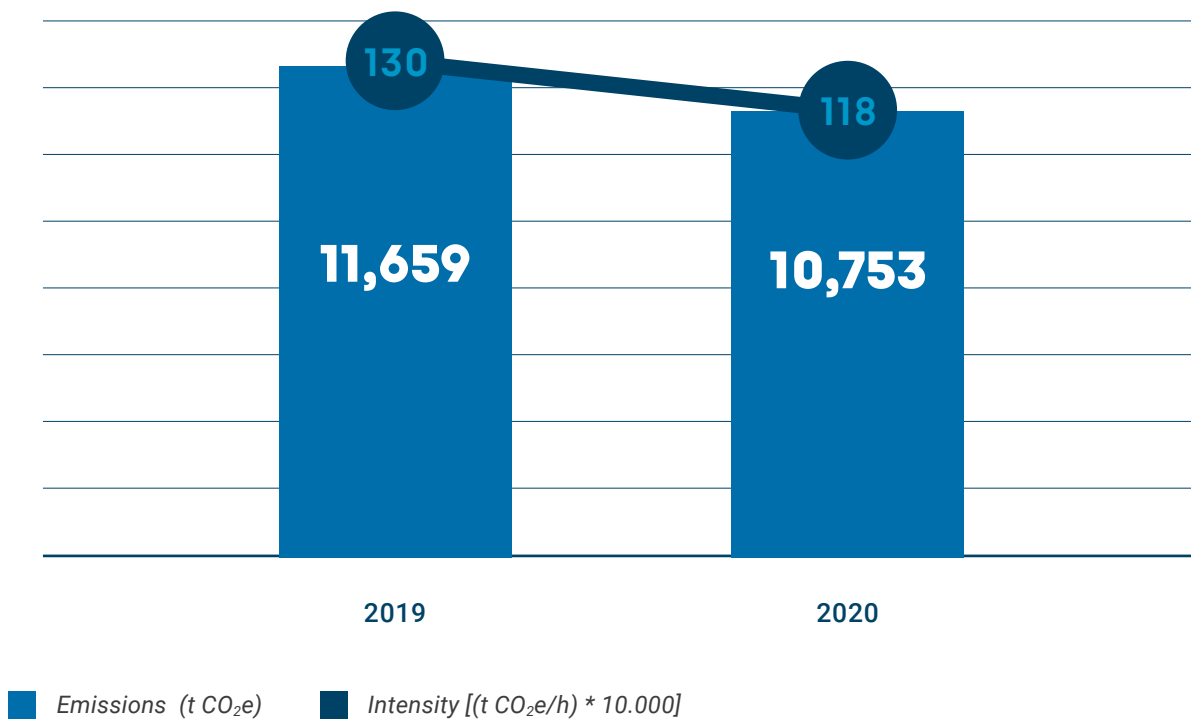
With the introduction of a system for mapping **emissions linked to the mobility of the workforce**, Comer Industries intends to continue the process of reducing its carbon footprint also in the management of the home-work journey. The program, which is currently being defined, will be implemented through two project lines:

- conversion of Company car fleet to include hybrid and electric powered vehicles;
- promotion of smart working and carpooling solutions.

EMISSION INTENSITY

2020 saw a 9% improvement in the intensity index compared to 2019. This result was achieved thanks to the reduction of GHG Scope 2 emissions (indirect emissions - electricity) and, to a lesser extent, the reduction of direct GHG Scope 1 emissions. The result obtained is consistent with the improvement found in the energy intensity index, as a consequence of a rationalization of consumption and energy efficiency measures developed.

TOTAL EMISSIONS



EMISSION INTENSITY - TOTAL (t CO ₂ e/h)	2019	2020
SCOPE 1 + SCOPE 2 MARKET BASED	11,659	10,753
MACHINE HOURS FOR PRODUCT MANUFACTURING ¹ (h)	896,852	912,532
INTENSITY INDEX ²	130	118

¹Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.

²((Scope 1 + Scope 2 Market Based) / machine hours for product manufacturing) * 10,000.



906 t CO₂e SAVED



SCOPE 3 EXTENSION OF THE MONITORING BOUNDARY AND CONSEQUENT EFFICIENCY GAINS

Since 2020, the commitment to reduce emissions has allowed Comer Industries to develop an internal expertise to report the contribution of indirect activities in terms of emissions.

The categories considered include emissions from the treatment of the waste produced. Specifically, the waste *type specific method* was used to calculate the emissions deriving from the treatment of the waste produced.

OTHER GHG SCOPE 3 (t CO ₂ e) INDIRECT EMISSIONS	2020
TREATMENT OF WASTE PRODUCED	319
TOTAL	319

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

Comer Industries' path towards the reduction of environmental impacts in terms of emissions involves the extension of the scope of reporting and communication of the contribution of further phases upstream and downstream of the production processes.

As a first step in this direction, in collaboration with one of the main logistics suppliers, the emissions generated by a fraction (about 30% of the total cost) of the transport of finished products managed on behalf of Comer Industries in 2020 have been calculated.

OTHER GHG SCOPE 3 (t CO ₂ e) INDIRECT EMISSIONS	2020
TRANSPORT OF FINISHED PRODUCTS(-30%)	1,290 ¹
TOTAL	1,290

¹E missions have been calculated using specific software and related methodology <https://www.ecotransit.org>.

Along these lines, in 2021 Comer Industries will activate a project with the aim of extending the calculation of emissions also to the distribution phases of the finished product.

WATER AND WATER DISCHARGES

THE WATER RESOURCE AND WITHDRAWAL POLICIES

Water resource management is fundamental to sustainable and inclusive development. In line with the policy of responsible use of resources, Comer Industries is committed to reducing the withdrawal of water resources, by mapping the activities and processes with the greatest impact from the point of view of withdrawal, setting itself objectives for constant improvement. In line with this commitment, all production sites monitor water supply index trends on a monthly basis regardless of plant size and local water availability.

At the various Comer Industries plants, water is used for civil, fire-fighting and production purposes. In the latter case, painting and machining processes are the activities for which the most water is used.

WATER STRESS

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

The main purpose of sustainable water management is to protect water resources for the future. According to this perspective, Comer Industries has identified the following plants located in extremely high water stress areas (>80%):

- Matera, Italy;
- Bangalore, India.



WATER WITHDRAWALS

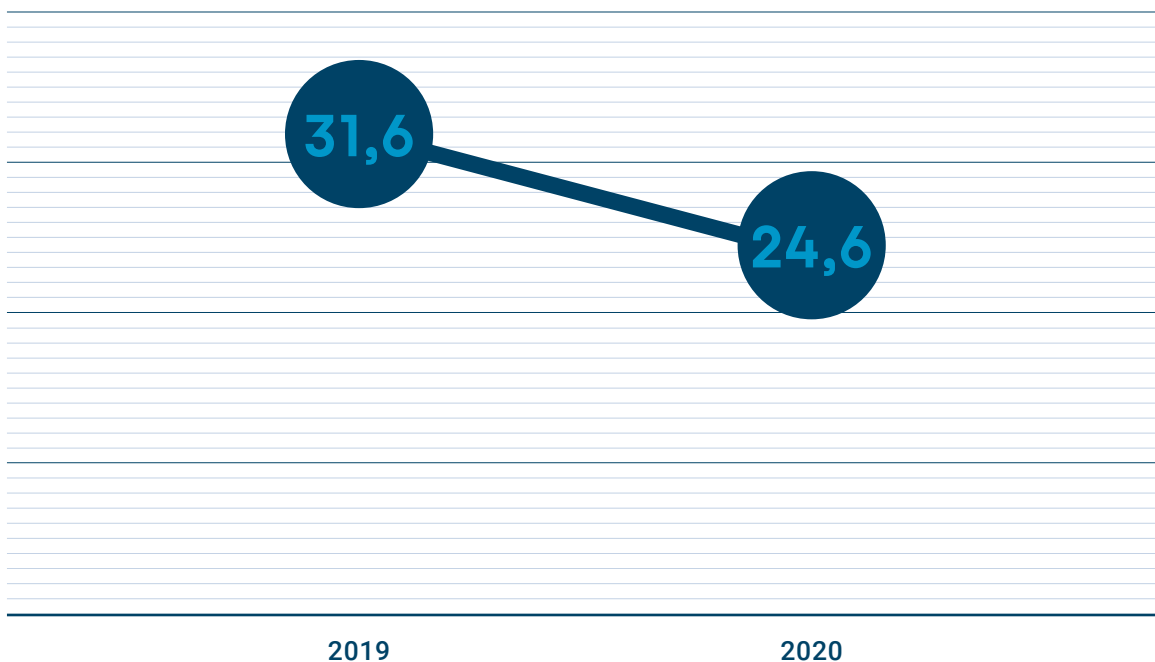
At the Group’s sites, water is supplied almost entirely by aqueduct (78%), while use of wells is very low (22%).

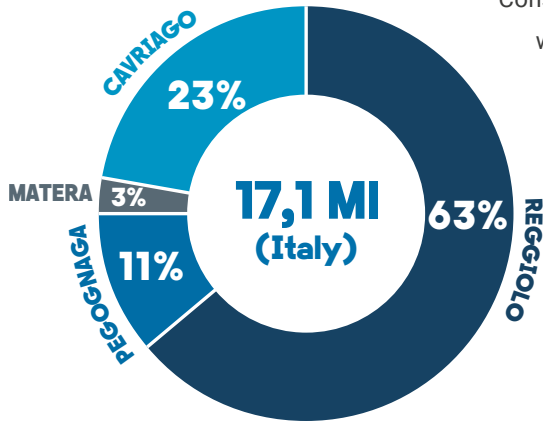
WATER WITHDRAWAL BY SOURCE (MI)	2019		2020	
	TOTAL	WATER STRESS AREAS	TOTAL	WATER STRESS AREAS
GROUNDWATER / WELLS	6.454	-	5.453	-
FRESHWATER	6.454	-	4.685	-
OTHER	-	-	0.768 ¹	0.768 ¹
THIRD PARTY WATER RESOURCES / PUBLIC AQUEDUCTS	25.120	4.470	19.171	0.541
FRESHWATER	25.120	4.470	19.171	0.541
OTHER	-	-	-	-
TOTAL	31.574	4.470	24.624	1.309

¹Monitoring and data collection of water withdrawals from the Indian Plant began in September 2020. The plant draws its water from the well on the production site.

In 2020, there was a reduction in water withdrawals (-22%) mainly as a result of restrictions on the use of rooms for shared use imposed by the Company Protocol for preventing and containing the spread of the COVID-19 virus in the workplace.

WATER SUPPLY (MI)





Considering the boundary of Italian production plants, the greatest withdrawal percentage (63%) is concentrated at the Reggiolo plant, located in a low water stress risk area (<10%).

At the Indian plant, in order to improve the management of water consumption, a monitoring system for water drawn from the well was implemented from September 2020 as a first step towards reducing water withdrawal.

WATER DISCHARGE MANAGEMENT

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

Comer Industries defines the impacts it may cause on water in relation to the risk of contamination of the resource. In order to guarantee the control and minimization of impacts, in the Company management system, special procedures and relative instructions have been issued that define the correct management of the resource in relation to the production context.



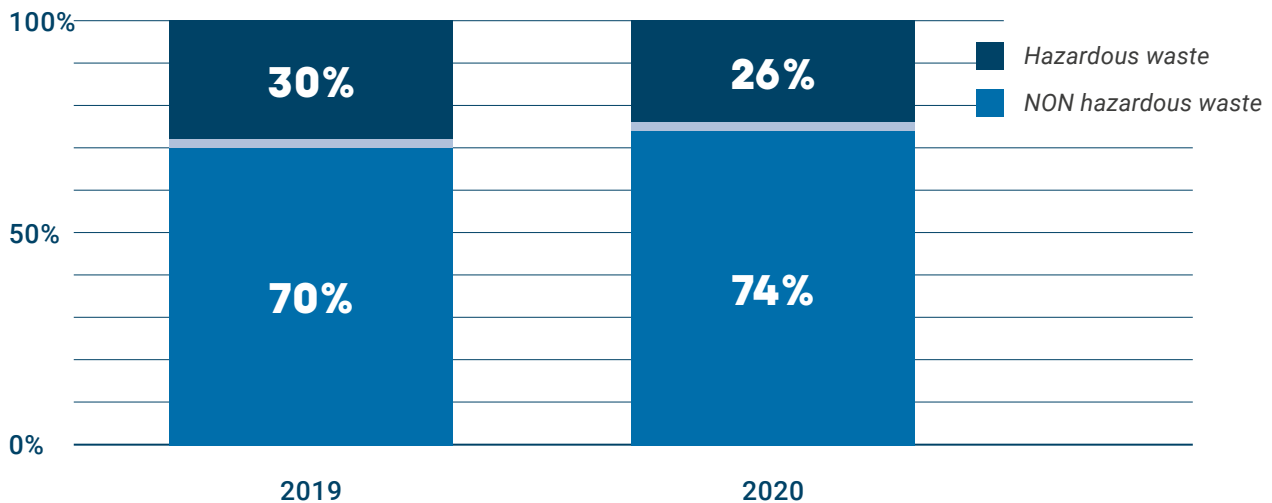
WASTE GENERATION AND MANAGEMENT

WASTE MANAGEMENT

Comer Industries has adopted an analytical monitoring system for generated waste in order to reduce the produced quantities, the relevant rate classified as hazardous under national regulations and the related impacts connected with disposal. The main types of waste generated are metal scraps, emulsions and aqueous solutions. Through an analytical dashboard, implemented for all production plants, the areas of intervention with the greatest impact in terms of environmental and economic impact are evaluated.

WASTE GENERATED

Waste transport and final treatment activities are carried out in compliance with the national directives of each plant where Comer Industries operates, through disposal service providers authorized according to local regulations. In 2020, an overall decrease in waste generated (-5%) compared to 2019 is recorded, confirming a trend in place since 2018. **The decrease of 17% in hazardous waste** compared to the previous year is linked to the rationalization of management processes and the implementation of quantity reduction projects at the Group’s operating sites.



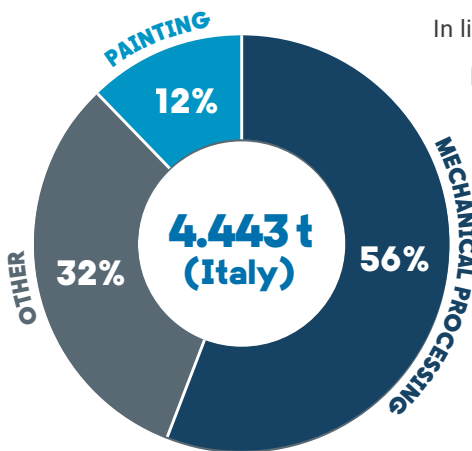
WASTE CATEGORY	QUANTITY (KG)	
	2019	2020
HAZARDOUS WASTE	1,496,765	1,241,597
NON-HAZARDOUS WASTE	3,554,151	3,541,209
TOTAL	5,050,916	4,782,806

An analysis of the destination and treatment of waste generated at Italian plants for the year 2020 showed that 89% of the waste generated at Italian sites is managed through storage and recovery operations, while the remaining 11% is destined for disposal operations.

For details on treatment methods, see Appendix - Table 6.

DISTRIBUTION BY PROCESS

In-house processes that have the greatest impact on the generation of waste are machining and painting. As far as Italian plants are concerned, 68% of the waste produced comes from the above-mentioned processes. The remaining 32% is generated along the assembly and packaging lines.



In line with its commitment to reduce the waste generated by its production processes, Comer Industries has installed a **new wastewater treatment plant** at its plant in China. The plant is designed to purify wastewater from the painting process through a chemical-physical process with the aim of reducing the amount of aqueous solutions intended for disposal and reuse a fraction of the water in the same painting process, with a consequent reduction in water withdrawal.



RIVENDING – ITALIA



Since 2019, Comer Industries has implemented initiatives in its locations aimed at a reduction of single-use plastic. Through the *No more plastic bottles* project, aluminum water bottles have been distributed to all employees, which will help reduce the use of plastic. To this end, sanitized free water dispensing systems were installed to fill water bottles and at the same time plastic water bottles were replaced with cans in beverage dispensers. With the *RiVending* project, extended to all Italian plants in 2020, the refreshment areas have been equipped with collection and recycling points dedicated to the recovery of plastic pallets and cups from vending machines in line with the circular economy.

MY BRIGHT IMPACT

As part of the activities aimed at increasing awareness on recycling and waste elimination, during 2020, Comer Industries invited employees to participate in the *My bright impact* photo contest with the aim of stimulating the creativity of participants on the topics of separate waste collection, food waste and sustainable mobility. The winner was rewarded with shopping vouchers and a kit bottle.





BREAK AREA WITH COMPACTORS FOR THE RECOVERY OF PLASTIC CUPS AND FREE SANITIZED WATER DISPENSER

GRI CONTENT INDEX

Where not otherwise specified, GRI Standards published in 2016 have been used. GRI 303 Water and Discharges and GRI 403 Occupational Health and Safety, respectively, published in 2018 and of mandatory application as of the reporting referred to fiscal year 2020, were used for the disclosure on the topics “Water” and “Occupational Health and Safety”. GRI 207 (published in 2019) on “Taxes” has also been applied for the purposes of this NFS.

Reference is made to the fact that the updated version of GRI 206 Waste was published in 2020, which will be adopted, as mandatory, for the purposes of the 2021 NFS.

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 102 - GENERAL DISCLOSURES					
102-1	Name of organization	1 Comer Industries Comer Industries Group	16-17		
102-2	Activities, brands, products and services	1 Comer Industries Comer Industries Group 2 We are unconventional makers Sectors and applications	17 32-34		
102-3	Location of headquarters	1 Comer Industries Comer Industries Group	17		
102-4	Location of operations	1 Comer Industries Comer Industries Group	16		
102-5	Ownership and legal form	1 Comer Industries Comer Industries Group	17		
102-6	Markets served	1 Comer Industries Comer Industries Group 2 We are unconventional makers Sectors and applications	18 32		
102-7	Scale of the organization	1 Comer Industries Comer Industries Group	16-17		
102-8	Information on employees and other workers	5 Human Resources Comer Industries' people Appendix	72 122		
102-9	Supply chain	2 We are unconventional makers Supply chain management	38-40		

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
102-10	Significant changes to the organization and its supply chain				This NFS is the first report prepared according to GRI Standards for Comer Industries
102-11	Precautionary Principle or approach	Corporate governance Risk management	50-51		
102-12	External initiatives	3 Governance Corporate governance	45		
102-13	Membership of associations	3 Governance Corporate governance	45		
STRATEGY					
102-14	Statement from senior decision-maker	Letter to stakeholders	6-9		
102-15	Key impacts, risks and opportunities	1 Comer Industries Impacts - The materiality analysis 3 Governance Risk management	24-29 50-52		
ETHICS AND INTEGRITY					
102-16	Values, principles, standards and norms of behavior	1 Comer Industries Our bright impact - Our commitment to sustainable development	19-20		
GOVERNANCE					
102-18	Governance structure	3 Governance Corporate governance	44-45		
102-22	Composition of the highest governance body and its committees	3 Governance Corporate governance	44		
102-23	Chair of the highest governance body	3 Governance Corporate governance	44		
STAKEHOLDER INVOLVEMENT					
102-40	List of stakeholder groups	1 Comer Industries Impacts - The materiality analysis	24		
102-42	Identifying and selecting stakeholders	1 Comer Industries Impacts - The materiality analysis	24-26		
102-43	Approach to stakeholder engagement	1 Comer Industries Impacts - The materiality analysis	26		
102-44	Key topics and concerns raised	1 Comer Industries Impacts - The materiality analysis	28-29		

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
REPORTING PRACTICES					
102-45	Entities included in the consolidated financial statements	Methodological note	12-13		
102-46	Defining report content and topic boundaries	Methodological note	12-13		
102-47	List of material topics	1 Comer Industries <u>Impacts - The materiality analysis</u>	28-29		
102-48	Restatements of information				This NFS is the first report prepared according to GRI Standards for Comer Industries
102-49	Changes in reporting				This NFS is the first report prepared according to GRI Standards for Comer Industries
102-50	Reporting period	Methodological note	12		
102-51	Date of most recent report	Methodological note	13		
102-52	Reporting cycle	Methodological note	13		
102-53	Contact point for questions regarding the report	Methodological note	13		
102-54	Claims of reporting in accordance with GRI Standards	Methodological note	12		
102-55	GRI content index	GRI Content Index	112-121		
102-56	External Assurance	Auditors' report	127		

MATERIAL TOPIC: ETHICS AND INTEGRITY IN BUSINESS MANAGEMENT

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	3 Governance Responsible business management Fiscal transparency	46-52 56-57		
103-3	Evaluation of the management approach	5 Human Resources Personnel management and development policies	76		
GRI SPECIFIC TOPICS					
GRI 205 - ANTI-CORRUPTION					
205-3	Confirmed incidents of corruption and actions taken	3 Governance Responsible business management	47		
GRI 206 - ANTI-COMPETITIVE BEHAVIOR					
206-1	Legal actions for anti-competitive behavior, antitrust and monopolistic practices	3 Governance Responsible business management	47		
GRI 207 - TAX - 2019					
207-1	Approach to tax	3 Governance			
207-2	Tax governance, control and risk management	Fiscal transparency	56-57		
GRI 307 - ENVIRONMENTAL COMPLIANCE					
307-1	Non-compliance with environmental laws and regulations	3 Governance Compliance	53		
GRI 406 - NON-DISCRIMINATION					
406-1	Incidents of discrimination and corrective measures taken	5 Human Resources Personnel management and development policies	68		
GRI 418 - CUSTOMER PRIVACY					
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	3 Governance Compliance	53		
GRI 419 - SOCIOECONOMIC COMPLIANCE					
419-1	Non-compliance with laws and regulations in the social and economic area	3 Governance Compliance	53		

MATERIAL TOPIC: OCCUPATIONAL HEALTH AND SAFETY

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	5 Human Resources			
103-3	Evaluation of the management approach	Health and safety at work	82-84		
GRI SPECIFIC TOPICS					
GRI 403 - OCCUPATIONAL HEALTH AND SAFETY - 2018					
403-1	Occupational health and safety management system	5 Human Resources Training - value and competitive factor Occupational health and safety Appendix	76-77 82-84 123		
403-2	Hazard identification, risk assessment, and incident investigation				
403-3	Occupational health services				
403-4	Worker participation, consultation, and communication on occupational health and safety				
403-5	Worker training on occupational health and safety				
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				
403-8	Workers covered by an occupational health and safety management system				
403-9	Work-related injuries				

MATERIAL TOPIC: PEOPLE MANAGEMENT, TRAINING AND DEVELOPMENT

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MODALITÀ DI GESTIONE					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	5 Human Resources Personnel management and development policies Proactivity in the emergency: COVID - 19	66-67 69-71		
103-3	Evaluation of the management approach	Training - value and competitive factor Internal communication	75-77 80-81		

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI SPECIFIC TOPICS					
GRI 401 - EMPLOYMENT					
401-1	New employee hires and employee turnover	5 Human Resources Comer Industries' people Appendix	71-74 122		
GRI 404 - TRAINING AND EDUCATION					
404-1	Average hours of training per year per employee	5 Human Resources Training - value and competitive factor	75-77		
404-3	Percentage of employees receiving regular performance and career development reviews	5 Human Resources Personnel management and development policies	67		

MATERIAL TOPIC: TERRITORY DEVELOPMENT

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	2 We are unconventional makers Innovation and sustainability	33-36		
103-3	Evaluation of the management approach	6 Territory development	88-90		
GRI SPECIFIC TOPICS					
GRI 204 - PROCUREMENT IMPACTS					
204-1	Proportion of spending on local suppliers	2 We are unconventional makers Supply chain management	39-40		

MATERIAL TOPIC: DIVERSITY AND EQUAL OPPORTUNITIES

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	5 Human Resources			
103-3	Evaluation of the management approach	Personnel management and development policies	66-67		
GRI SPECIFIC TOPICS					
GRI 405 - DIVERSITY AND EQUAL OPPORTUNITIES					
405-1	Diversity in governance bodies and employees	3 Governance Corporate governance 5 Human Resources Comer Industries' people	44 72-74		

MATERIAL TOPIC: EFFECTIVE AND EFFICIENT ENERGY MANAGEMENT AND REDUCTION OF EMISSIONS

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	7 The environment Environmental policy	94		
103-3	Evaluation of the management approach	Climate change, energy and emissions	95		
GRI SPECIFIC TOPICS					
GRI 302 - ENERGY					
302-1	Energy consumption within the organization	7 The environment Climate change, energy and emissions	96-100		
302-3	Energy intensity	Appendix	124		
GRI 305 - EMISSIONS					
305-1	Direct (Scope 1) GHG emissions				
305-2	Energy indirect (Scope 2) GHG emissions	7 The environment Climate change, energy and emissions	100-104		
305-3	Other indirect (Scope 3) GHG emissions	Appendix	124-125		
305-4	GHG emission intensity				

MATERIAL TOPIC: RESPONSIBLE USE OF RESOURCES AND WASTE MANAGEMENT

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	7 The environment Environmental policy	94		
103-3	Evaluation of the management approach	Waste generation and management	108		
GRI SPECIFIC TOPICS					
GRI 306 - WASTE - 2016					
306-2	Waste by type and disposal method	7 The environment Waste generation and management Appendix	108-109 125		

MATERIAL TOPIC: RESPONSIBLE USE OF WATER RESOURCES

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	7 The environment Environmental policy	94		
103-3	Evaluation of the management approach	Water and water discharges	105-107		
GRI SPECIFIC TOPICS					
GRI 303 - WATER AND EFFLUENTS - 2018					
303-1	Interaction with water as a shared resource	7 The environment Water and effwents	105-107		
303-2	Management of water discharge-related impacts				
303-3	Water withdrawal				

MATERIAL TOPIC: ENVIRONMENTAL IMPACT OF PRODUCTS

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	2 We are unconventional makers			
103-3	Evaluation of the management approach	Sectors and applications Innovation and sustainability	32 33		
GRI SPECIFIC TOPICS		Cross-cutting theme reported by GRI General standards			

MATERIAL TOPIC: SUPPLY CHAIN SUSTAINABILITY AND RESPONSIBILITY

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	2 We are unconventional makers Supply chain management	38-39		
103-3	Evaluation of the management approach	3 La governance Compliance	53		
GRI SPECIFIC TOPICS					
GRI 308 - SUPPLIER ENVIRONMENTAL ASSESSMENT					
308-1	New suppliers that were screened using environmental criteria	2 We are unconventional makers Supply chain management	38		
GRI 414 - SUPPLIER SOCIAL ASSESSMENT					
414-1	New suppliers that were screened using social criteria	2 We are unconventional makers Supply chain management	38		

MATERIAL TOPIC: GENERATION AND DISTRIBUTION OF VALUE

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	4 Economic sustainability	60		
103-3	Evaluation of the management approach	Economic value generated and distributed			
GRI SPECIFIC TOPICS					
GRI 201 - ECONOMIC PERFORMANCE					
201-1	Direct economic value generated and distributed	4 Economic sustainability Economic value generated and distributed	60-61		

MATERIAL THEME: PRODUCT QUALITY AND SAFETY

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGE	OMISSIS	NOTES
GRI 103 - MANAGEMENT APPROACH					
103-1	Explanation of the material topic and its boundary	1 Comer Industries Impacts - The materiality analysis	24-29		
103-2	The management approach and its components	2 We are unconventional makers	35-36		
103-3	Evaluation of the management approach	Product quality and safety			
GRI SPECIFIC TOPICS					
GRI 416 - CUSTOMER HEALTH AND SAFETY					
416-1	Assessment of the health and safety impacts for product and service categories	2 We are unconventional makers Product quality and safety	35-36		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3 Governance Compliance	55		

APPENDIX

TABLE 1 DISTRIBUTION OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GEOGRAPHICAL AREA

The increase in the Company population during the year mainly affected the Group's main production hubs.

	2019 ¹					2020 ¹				
	ITALY	CHINA	INDIA	ROW	TOTAL	ITALY	CHINA	INDIA	ROW	TOTAL
Fixed-term employees	75	123	34	-	232	157	145	45	-	347
Permanent employees	961	73	21	49	1,104	937	61	22	43	1,063
Total	1,036	196	55	49	1,336	1,094	206	67	43	1,410
% on Total	77%	15%	4%	4%	100%	77%	15%	5%	3%	100%

¹The total number of employees includes outsourced workers.

TABLE 2 TURNOVER BY GEOGRAPHICAL AREA

	2019 ¹					2020 ¹				
	ITALY	CHINA	INDIA	ROW	TOTAL	ITALY	CHINA	INDIA	ROW	TOTAL
Hired employees	212	194	10	5	421	266	75	55	-	396
Hired employees rate	16%	15%	1%	0%	32%	19%	5%	4%	-	28%
Terminated employees	279	177	9	9	474	205	59	43	5	312
Terminated employees rate	20%	13%	1%	1%	35%	15%	4%	3%	0%	22%

¹The total number of employees includes outsourced workers.

TABLE 3 INJURIES BY TYPE

The main injuries that occurred in 2020 were related to crushing and bruising.

INJURIES	2019 ¹			2020 ¹		
	ITALIAN SITES	OTHER SITES	TOTAL	ITALIAN SITES	OTHER SITES	TOTAL
NUMBER OF FATALITIES AS A RESULT OF WORK-RELATED INJURY						
	-	-	-	-	-	-
NUMBER OF HIGH-CONSEQUENCE WORK-RELATED INJURIES (EXCLUDING FATALITIES)						
Bruising	-	-	-	-	-	-
Luxation - Distraction Distortion - Crushing	1	-	1	-	-	-
Injury from other agents	-	-	-	-	-	-
Foreign bodies	-	-	-	-	-	-
Strain injuries	-	-	-	-	-	-
Wound, cut, splinters	1	-	1	-	-	-
Other	-	-	-	-	-	-
Total	2	-	2	-	-	-
NUMBER OF WORK-RELATED INJURIES WITHOUT HIGH CONSEQUENCES						
Bruising	5	-	5	4	-	4
Luxation - Distraction Distortion - Crushing	4	1	5	8	2	10
Injury from other agents	1	-	1	-	-	-
Foreign bodies	3	-	3	1	-	1
Strain injuries	2	-	2	-	-	-
Wound, cut, splinters	2	-	2	-	1	1
Other	1	-	1	2	-	2
Total	18	1	19	15	3	18
NO. OF RECORDABLE WORK-RELATED INJURIES						
	20	1	21	15	3	18

¹The total number of employees includes outsourced workers. The Company will further analyze data relating to external collaborators and suppliers operating at the Group's sites and/or under the Group's control.

TABLE 4 ENERGY CONSUMPTION BY GEOGRAPHICAL AREA

2020 shows an increase in consumption for the China plant and the US location compared to 2019, by 31% and 82% respectively. In China, the increase in consumption reflects that of machine hours for product manufacturing (+90%), while in the US the difference was caused by the addition of the gasoline consumption figure, which was not available in 2019 as the monitoring system was being consolidated.

INTERNAL ENERGY CONSUMPTION (TOTAL BY GEOGRAPHICAL AREA) (GJ)	2019	2020
ITALY	119,475	110,136
CHINA	12,426	16,263
INDIA	410	410
USA	3,049	5,555
TOTAL	135,360	132,364

TABLE 5 EMISSIONS BY GEOGRAPHICAL AREA AND CONVERSION FACTORS

The trends in (scope 1) emissions from the US plant and (scope 2) emissions of the Chinese plant are consistent with the events described in the energy consumption table.

DIRECT GHG SCOPE 1 (t CO ₂ e) EMISSIONS	2019	2020
ITALY	3,030	2,812
CHINA	318	320
INDIA	1	4
USA	101	272
TOTAL	3,450	3,408

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

DIRECT GHG SCOPE 2 LOCATION BASED (t CO ₂ e) EMISSIONS	2019	2020
ITALY	4,447	3,788
CHINA	441	710
INDIA	24	21
USA	101	95
TOTAL	5,013	4,614

Source of SCOPE 2 Location Based emission factors: Italy (<http://www.sinanet.isprambiente.it>), USA (<https://www.epa.gov/egrid>), China and India (<https://www.iea.org>).

DIRECT GHG SCOPE 2 MARKET BASED (t CO ₂ e) EMISSIONS	2019	2020
ITALY	7,643	6,519
CHINA	441	710
INDIA	24	21
USA	101	95
TOTAL	8,209	7,345

Source of SCOPE 2 Market Based emission factors: Italy (<https://www.aib-net.org>), USA (<https://www.greene.org>), Cina ed India (<https://www.iea.org>)

TABLE 6
WASTE BY TREATMENT TYPE

HAZARDOUS WASTE ¹		2020	1,163 t
R13	Waste storage for submission to any of the operations numbered R1 to R12		979
R12	Waste exchange for submission to any of the operations numbered R1 to R11		6
R4	Recycling/recovery of metals or metal compounds		7
R3	Recycling/recovery of organic substances not used as solvents		1
D15	Preliminary storage prior to submission to any of the operations numbered D1 to D14		120
D9	Physico-chemical treatment not specified elsewhere in this Annex which results in final compounds or mixtures disposed of by means of any of the operations numbered D1 to D12		50

NON-HAZARDOUS WASTE ¹		2020	3,280 t
R13	Waste storage for submission to any of the operations numbered R1 to R12		1.754
R12	Waste exchange for submission to any of the operations numbered R1 to R11		4
R4	Recycling/recovery of metals or metal compounds		1.200
R3	Recycling/recovery of organic substances not used as solvents		3
D15	Preliminary storage prior to submission to any of the operations numbered D1 to D14		41
D9	Physico-chemical treatment not specified elsewhere in this Annex which results in final compounds or mixtures disposed of by means of any of the operations numbered D1 to D12		194
D8	Biological treatment not specified elsewhere in this Annex which results in final compounds or mixtures disposed of by means of any of the operations numbered D1 to D12		84

¹The classification adopted is provided for by the regulations in force regarding the identification codes of the disposal and recovery methods (Annexes B and C of Legislative Decree no. 152/2006); Italian sites boundary.

AUDITORS' REPORT

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

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Comer Industries S.p.A. and its subsidiaries (hereinafter "Comer Group") as of December 31, 2020 prepared, on a voluntary basis, ex art. 4 of the Decree, and approved by the Board of Directors on March 23, 2021 (hereinafter "NFS").

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

The Directors are responsible for the preparation of the NFS on a voluntary basis pursuant to article 7 of the Decree, in accordance with articles 3 and 4 of the Decree and the "*Global Reporting Initiative Sustainability Reporting Standards*" established by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards"), with reference to the selection of 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 Comer Group, and to the extent necessary in order to ensure the understanding of the Comer 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 Comer Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Comer Group and for identifying and managing the risks generated or undertaken by the Comer 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.

Auditor's Independence and quality control

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

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards, with reference to the selection of 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 Comer 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 as of December 31, 2020 of the Comer Group;
4. understanding of the following matters:
 - business management model of the Comer Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

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

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

In particular, we carried out interviews and discussions with the management of Comer Industries S.p.A. and with the employees of Comer Industries Components S.r.l. and Comer Industries (Jiaxing) Co. Ltd 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 Comer 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 Reggio (RE) for Comer Industries S.p.A., production plant of Matera for Comer Industries Components S.r.l., site and production plant of Pinghu (China) for Comer Industries (Jiaxing) Co. Ltd, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we met their management and gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

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

Other matters

With reference to the year ended December 31, 2019, the Comer Group prepared a Sustainability Report, whose data were used for comparative purposes within the NFS. That Sustainability Report was not subject to a limited assurance engagement in accordance with ISAE 3000 Revised.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Bologna, Italy
March 24, 2021

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



comer industries

UNCONVENTIONAL MAKERS.