

SUSTAINABILITY REPORT

2022

CONSOLIDATED NON-FINANCIAL STATEMENT

Pursuant to Italian Legislative Decree No. 254/2016

COMER INDUSTRIES S.p.A.

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LETTER TO STAKEHOLDERS

Dear Stakeholders,

On January 15, 1885, Wilson "Snowflake" Bentley, an American photographer, made history as the first person in the world to photograph a snowflake. In 40 years of study he documented more than 5,000 different types, proving for the first time that no two flakes are ever identical to each other. Each of these perfect little creations of nature has its own essence that makes it unique and inimitable.

I like to imagine our businesses in the same way, each different, each with its own characteristics, history, and people.



It is precisely this uniqueness that we at Comer Industries strive every day to preserve, with our choices, our unconventional approach, our concrete commitment to all our stakeholders, and our willingness to make a difference to preserve our uniqueness.

We live in complex times. A fascinating, sometimes paradoxical complexity, certainly to be understood and analyzed. We live in an era of fast – very fast – change. A changing, uncertain, challenging context. But also a time of great opportunity and even greater responsibility. We are living in a historical period in which now more than ever the contribution of businesses with their uniqueness and inherent ability to look ahead and, before others, think ahead by laying the groundwork for solutions that anticipate the challenges of tomorrow is considered indispensable.

A tomorrow that asks us to be present on the front lines alongside the people who work in our factories every day, alongside the local community that is part of our roots and will continue to shape our history, alongside the planet, which today more than ever is asking every single person for a maximum commitment to its preservation.



We at Comer Industries want to do our part and have a tangible impact on our people and the surrounding environment. And there are really many sustainability initiatives that our Company has put in place.

COMMITMENT TO PEOPLE

Over the past year we have published an Integrated Human Rights Policy drafted on the basis of a risk assessment conducted at Group sites.

We decided to consolidate a globally extended structural teleworking policy with benefits in terms of work-life balance and environmental impacts.

We performed supply chain due diligence on compliance, human rights and sustainability based on the requirements of the Supply Chain Act of German law, the most advanced regulatory standard in the field.

We also promoted inclusive leadership through membership in the Valore D network, making use of training and discussions on Diversity and Inclusion issues.

COMMITMENT TO THE PLANET

At the environmental level, we are continuing with the energy consumption reduction program initiated at the Italian and German sites through the gradual renewal of the machine inventory and the introduction of machines with reduced energy consumption.

In 2022 we integrated sustainability performance monitoring and reporting between Comer Industries and Walterscheid and contributed to sustainable mobility through the development of products for electric vehicles, with innovative content in terms of weight reduction, lubrication and noise.

We have also promoted sustainable mobility by adding hybrid and electric models to the Company fleet and creating areas at Italian sites equipped with dual charging stations for electric cars.

After the important transaction involving Walterscheid, 2022 also marked the entry into the electrification market. An important step toward environmental sustainability and product innovation.

In January 2023 we founded e-comer, our new green-tech division that was created following the acquisition of Benevelli and Sitem. Once again, not limiting ourselves to good intentions but deploying investments, vision, and projects that can reconcile the growth of our enterprise with initiatives that truly benefit the world we live in.

OUR FUTURE COMMITMENT

By 2023 we want to complete the process of integrating the management system by incorporating all the newly acquired entities, laying the foundation for the establishment of a medium- to long-term global sustainability strategy.

Over the next few months we will continue to invest in energy efficiency projects for the Group's processes through the introduction of the latest generation of energy-efficient robotic cells. We will overhaul all painting and heat treatment processes with a view to reducing the environmental impact at the Sohland and Rockford sites, respectively.

We will also build a water-based, environmentally friendly paint plant at the new Bangalore plant in India.

The thermal equipment at the Reggiolo assembly site will also be made more efficient through the installation of high-efficiency boilers and control sensors, and we will extend the installation of electric car charging stations at overseas sites.

2023 will be a year of more milestones as we strive to develop more technological, more sustainable and more innovative products to meet an increasingly demanding market. We are ready, and once again we want to make a difference, to be unique in the market, to grow with awareness and respect for everything that revolves around our world and thanks to which we are today a Group of international standing.

We are already aiming for new goals, new ideas to grow our business both economically and in terms of Sustainability. We want to have a positive impact on all who live in or near our businesses while preserving our Company and our uniqueness. In short: **"Together, to remain unique."**



Matteo Storchi
President & CEO



HIGHLIGHTS

ENVIRONMENTAL



2021 2022

ELECTRICITY FROM RENEWABLE SOURCES (% of total consumption)

+6%

32

34

HAZARDOUS WASTE (t/h *10,000)

-35%

8.6

13.2

SOCIAL

2021 2022

NUMBER OF EMPLOYEES (units as of 12/31/2022)

+146%

1,551

3,808

RECORDABLE INJURY RATE (no. of injuries/h)

+3%

11

11.3

ECONOMIC

2021 2022

REVENUE (€M)

+107%

598.1

1,237.6

EBITDA (€M)

+132%

77.6

180.0

METHODOLOGICAL NOTE

Comer Industries S.p.A. (hereinafter referred to as "Comer Industries," the "Group," "the Company," names referring to the parent company Comer Industries S.p.A., and all corporate names under the parent company as of December 31, 2022) is a company listed on the Euronext Growth Milan - MTF market of the Italian Stock Exchange.

With the objective of placing greater emphasis on its commitment to a sustainable business model, and the responsibility to be accountable to stakeholders, starting with the reporting for the year 2020 Comer Industries has decided to voluntarily comply with the provisions of Legislative Decree 254/2016, although it does not fall under the Decree's obligations to implement Directive 2014/95/EU ("Non Financial Reporting Directive"). 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 relating to the 2022 financial year was 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 the Company, its performance, its results and the impact produced.

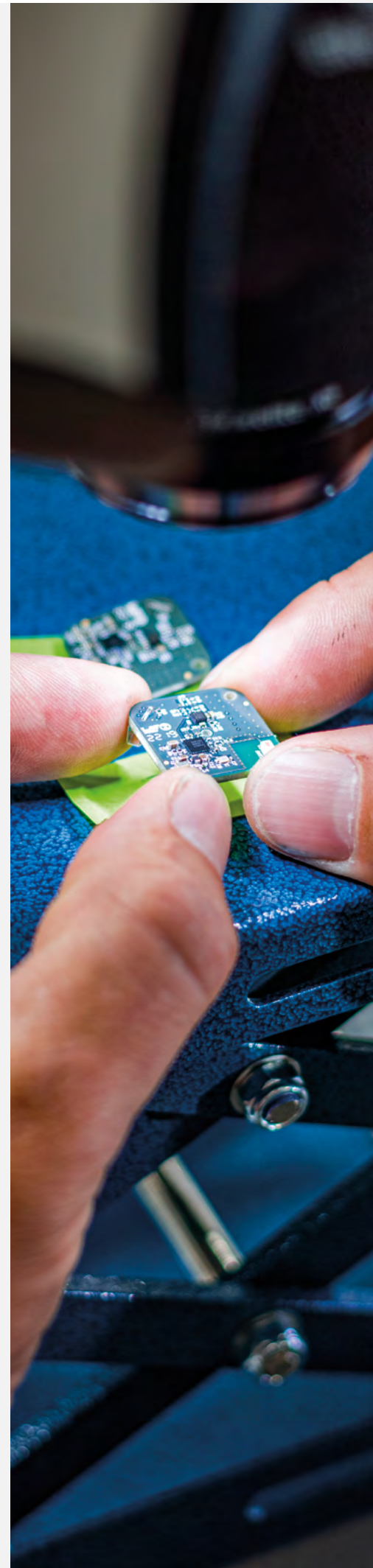
This NFS was also prepared in accordance with the Global Reporting Initiative Sustainability Standards defined by the Global Reporting Initiative.

The principles set by the GRI Standards of 2021 were applied: accuracy, balance between positive and negative impacts, clarity, comparability, completeness, sustainability context, timeliness, and verifiability.

The performance indicators, selected on the basis of a materiality analysis as described in the section *The strategic value of sustainability | The materiality analysis*, reflect the reporting standards adopted and are both representative of the specific areas of sustainability analyzed and consistent with the activity carried out by the Group and the impacts produced.

Quantitative information for which estimates have been used is reported in the various sections of this document.

For the purposes of preparing the document 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 document is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, which include four topical areas: governance, strategy, risk management, metrics and objectives.



Also on a voluntary basis, but in keeping with its commitments made with respect to sustainability and transparency reporting, the Company also decided to conduct an assessment on the eligibility and alignment of its economic operations with the requirements defined by Regulation EU 2020/852 on Taxonomy and subsequent Delegated Regulations. Note also that in conducting the analysis and preparing the relevant disclosures a prudential approach was adopted overall based on its understanding and interpretation of the applicable regulatory requirements.

The reporting scope of the qualitative and quantitative data and information refers to the parent company Comer Industries S.p.A. and its subsidiaries – including the companies of Walterscheid Powertrain Group, which Comer Industries acquired control over as of December 1, 2021 – consolidated on a line-by-line basis, as reflected in the Group's Consolidated Financial Statements as of December 31, 2022. Conversely, e-comer S.r.l., which absorbed the Benevelli Electric Powertrain Solutions and Sitem Electric Motors business units, remains excluded from the scope and is consolidated as of January 1, 2023 and thus covered by next year's reporting. Furthermore, environmental data related to Aftermarket & Services and data related to water withdrawals from Comer Industries UK Ltd's sales office remain excluded as they are not relevant to ensuring an understanding of the Group's business, performance and results given their limited environmental impact.

For a correct reading of the data shown, note that compared to fiscal years 2020 and 2021 the social and environmental data for fiscal year 2022 also include the Walterscheid Powertrain Group companies as a result of their acquisition. Note that, with the aim of providing a consistent comparison between different reporting years, the tables in the document include an additional column relating to 2022 and identified as "2022 C" that refers to the 2021 reporting boundary.

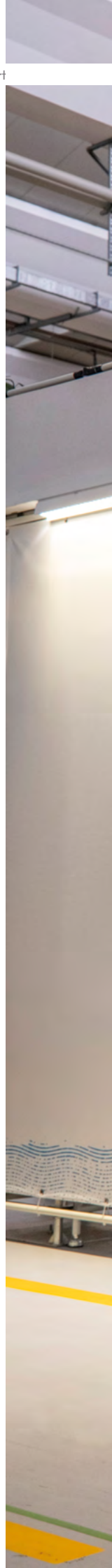
The NFS shall be drawn up on an annual basis. In order to allow for the comparison of data over time and the evaluation of Comer Industries' business performance, comparative data for the previous fiscal years.

Note also that, starting with this edition of the Statement, the methodology for calculating the injury rate has changed from what was used in previous years, having normalized the ratio by a factor of 1,000,000 instead of 200,000. The injury rate was thus restated for the years 2020 and 2021 in light of the new criterion.

The process of drafting the NFS involved the heads of the various Group departments.

The Statement was approved by the Board of Directors of Comer Industries S.p.A. on March 21, 2023 and is the subject of a limited review ("limited assurance engagement" according to the criteria indicated in ISAE 3000 Revised) by Deloitte & Touche S.p.A., which did not extend to the disclosure related to the Taxonomy. The Independent Auditors' Report is included at the end of this document.

The NFS can be downloaded from Comer Industries' institutional website in the [Comer Industries / Governance / Social responsibility](#) section. For further information, please contact the following email address: sustainability@comerindustries.com.

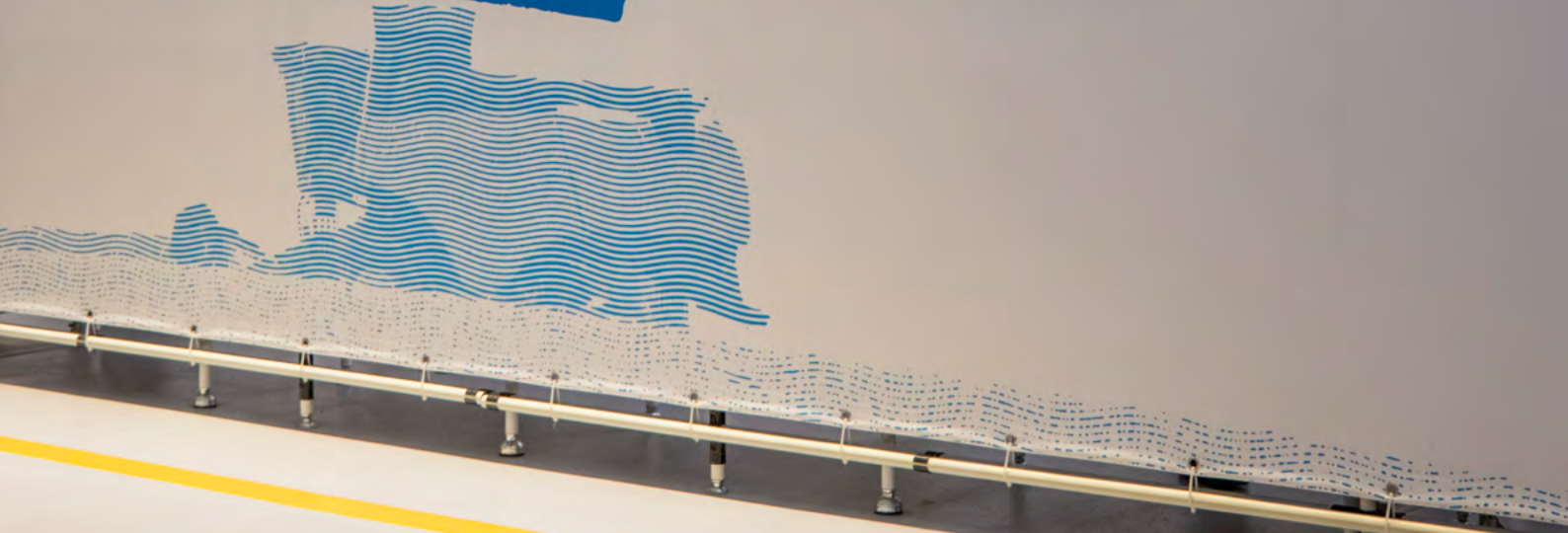




comer industries
UNCONVENTIONAL MAKERS.

**THEORY WON'T
MAKE REVOLUTIONS.
UNTIL IT TURNS INTO PRACTICE.**

THINKING IS NOT ENOUGH, THE FUTURE IS FOR THE MAKERS.



CHAPTER 1

THE STRATEGIC VALUE OF



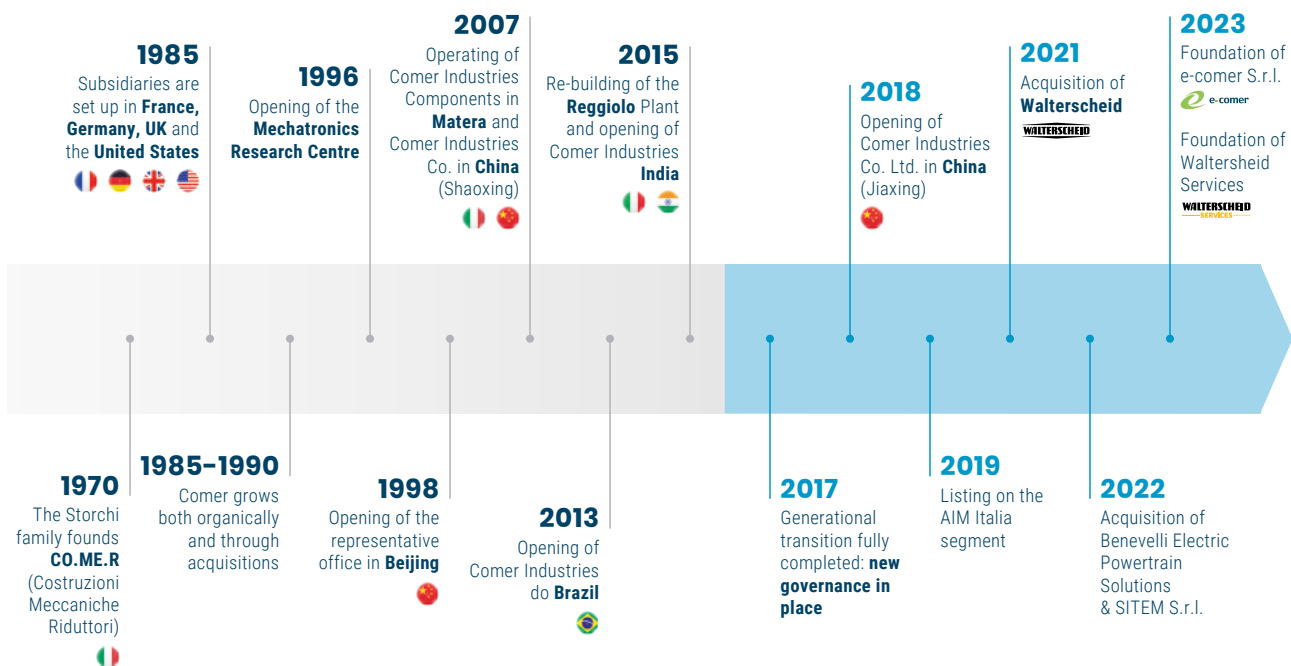


COMER INDUSTRIES

Comer Industries, with registered office in Reggiolo (Reggio Emilia, Italy) and listed on Borsa Italiana's Euronext Growth Milan market, is the world leader in the design and manufacture of advanced engineering systems and mechatronic solutions for power transmissions. It operates in the fields of agricultural machinery, construction, wind power, and electric vehicle motors and transmissions. Founded in 1970, the Group has grown over the years and today has 16 production sites worldwide and more than 3,800¹ employees.

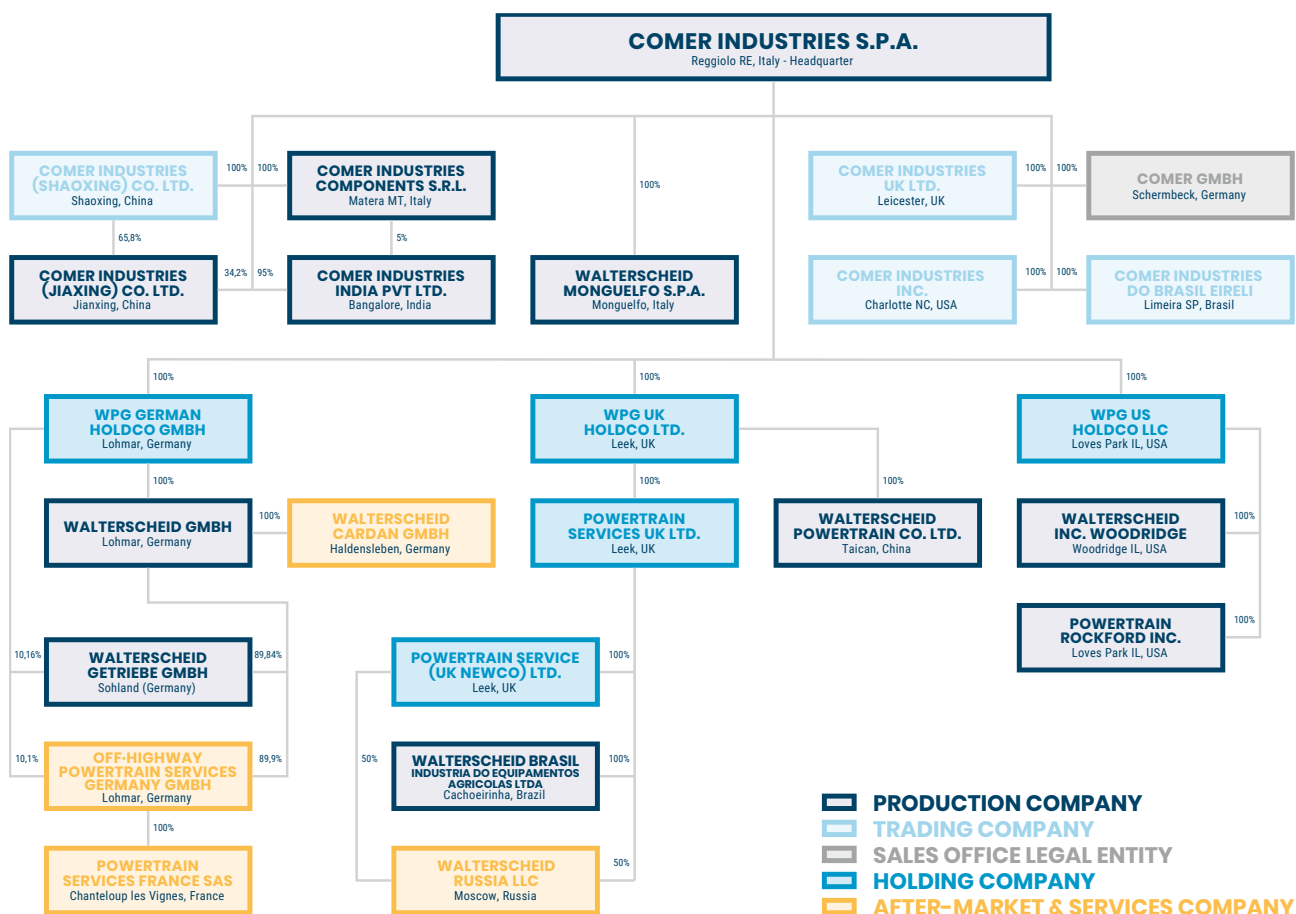


HISTORY



THE STRUCTURE

The corporate structure² as of December 31, 2022 is diagrammed below:



with the following shareholding composition:

SHAREHOLDER	NUMBER OF SHARES	% SHARE CAPITAL
Eagles Oak S.r.l.	14,640,089	51.05%
WPG Parent B.V.	6,843,365	23.86%
Finregg S.p.A.	1,700,000	5.93%
Float	5,494,636	19.16%
Total	28,678,090	100.00%

For a detailed description of the corporate structure, please see the Consolidated Financial Statements for the year ended December 31, 2022.

2 - Companies in liquidation or dormant were not included because they were not significant.

OUR VALUES

PEOPLE AT THE CENTER

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

TEAMWORK

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

ATTENTION AND RESPECT FOR STAKEHOLDERS

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

COURAGE AND PASSION

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

HONESTY AND TRANSPARENCY

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



OUR BRIGHT IMPACT - OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

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, proactive approach to making decisions with speed, resourcefulness, and courage. This is the Company's mission and what sets it apart.

In keeping with its purpose, the Company launched the **Our Bright Impact** program in December 2019 with the aim of taking a structured approach to sustainable business development. The implementation involved all Group operations, its corporate culture, strategy, planning, and finally communications, including with respect to the acquisition and integration of Walterscheid Powertrain Group.

Also in 2022, the drafting of the **business plan** took into consideration economic, social and environmental variables related to the material topics identified, as well as economic and financial variables, both in terms of the context and the impacts of the actions identified. Specific projects gradually integrate sustainable development into the Company's operations. One example of this is the multi-year plan to renew the Company's machinery, including the introduction to many Group sites of mechanical machining centers equipped with robotic units and having a reduced environmental impact in terms of energy and lubricant consumption. The digitization of assembly lines through the installation of interconnected systems for production control also continues.



“

To change people's lives by facilitating the global access to sustainable food, streets, houses and energy developing engineering solutions with an unconventional approach.

Vertical automated warehouses fully integrated with factory logistics systems were built at the Reggiolo hub in order to optimize logistics flows and resource utilization.

Finally, various building and plant upgrades were carried out in the production facilities in China and India, bringing them up to the highest technological standards in terms of efficiency and social and environmental impacts.

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

With the Our Bright Impact program, the Company is committed to contributing to the achievement of the **Sustainable Development Goals** (SDGs), an integral part of the **United Nations 2030 Agenda** and a point of reference for the construction of a strategy based on sustainability.

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

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



The initiatives affect all areas of Company life and have an impact on business activities at the level of processes, products, applications, management systems, technologies, and equipment. Actions are developed from a medium- to long-term perspective, but with clear and measurable annual goals, allowing actions and projects to be defined, monitored, and evaluated annually with respect to effectiveness and use of resources.

SDG	COMMITMENTS	GOALS	RESULTS
	<p>Progressively increase the share of energy consumed from renewable sources</p>	<p>Supply of electricity from renewable sources for consumption in production sites.</p>	<p>In 2022 the supply of electricity from renewable sources was extended to the Reggiolo and Pegognaga Plants, adding to the share of green energy already used at the Matera Plant. Moreover, the Company has a system of photovoltaic equipment located in Reggiolo and Matera with a total installed capacity of 2,172 kWp.</p>
 	<p>Reduce the intensity of energy consumed for internal operations</p>	<p>Energy savings through the elimination of energy losses and reduction of demand per unit of hours worked.</p>	<p>FY2022 saw a continuation of the gradual renewal of the machine inventory and the introduction of machining centers with reduced energy consumption. Several projects to install and replace heating and air conditioning systems with high-efficiency technologies were completed at the Reggiolo production hub.</p>
	<p>Reduce CO₂ emissions and from Scope 3 activities (outside the scope of the organization)</p>	<p>Mapping of activities outside the organization considered relevant based on impact. Establishment of medium-to long-term goals and an implementation plan.</p>	<p>With the acquisition of Walterscheid Powertrain Group and the related ongoing integration, in 2023 the Company will complete the mapping of activities outside the organization that are considered relevant based on GHG Inventory guidelines.</p>
 	<p>Guarantee high standards of technical and professional training, starting with new hires</p>	<p>Considering the strategic role of training, Comer Industries created Comer Academy, the in-house school that promotes and manages training courses for all staff.</p>	<p>Manufacturing Training System: structured training program for new hires (see section <i>People Personnel management and development policies</i>). Widespread training on the Code of Ethics and Whistleblowing Procedure. Partnerships with Italian universities.</p>
	<p>Create a healthy and safe working environment for all workers</p>	<p>Systematic risk-based approach through an integrated and certified Health and Safety Management System.</p>	<p>Health and Safety Management System developed and certified according to the ISO 45001:2018 standard, covering 96% of the Group's workers.</p>
	<p>Promote sustainable economic growth</p>	<p>Strategic expansion and development.</p>	<p>Support growth through the business model that generates economic value distributed to stakeholders (see Chapter <i>economic sustainability</i>).</p>
	<p>Ensure equal opportunities and reduce inequalities</p>	<p>Promotion of inclusion and diversity, eliminating all forms of discrimination.</p>	<p>Publication of a Diversity and Inclusion Policy containing principles, programs, objectives, and tools with which the Company puts into practice its commitment to promote inclusion and combat all forms of discrimination in its operations and Company life.</p> <p>Collaborative initiatives with Valore D that provide opportunities for the Company workforce to participate in meetings with experts on Diversity and Inclusion issues.</p>
 	<p>Contribute to the transition towards sustainable industrial systems and human settlements</p>	<p>Offer innovative solutions to major international businesses in the agricultural, industrial, and wind power sectors with positive environmental impacts.</p>	<p>Design and manufacture of products that contribute to the production of electricity from renewable sources downstream of the production chain.</p> <p>Design and manufacture of specific products that equip electrically powered machines.</p>

Reduce the amount of waste generated through prevention, reduction, recycling, and reuse

Reduction of hazardous waste generated.

Reduction of the hazardous waste intensity index by 6% against the previous year (on a like-for-like basis compared to 2021) through widespread projects at all sites. Full use of specific **water treatment facilities** at the Lohmar, Jiaxing, and Monguelfo sites in order to treat production waste and consequently reduce hazardous waste generation.



Minimize and rationalize consumption of natural resources; promote their responsible use

Installation of new equipment with low consumption of energy and natural resources. Improvement of existing equipment with a view to improving efficiency.

At the Sohland site, *relamping* of the warehouse and outdoor area was completed through the installation of energy-efficient LED lamps.

Product design and optimization with a view to reducing upstream and downstream environmental and social impacts.

Progressive mapping of the percentages of **recycled raw material and the level of recyclability** of products in order to define appropriate improvement actions. Supply chain **due diligence** on sustainability, human rights and compliance.



SUSTAINABLE ACTIVITIES: THE TAXONOMY OF THE EUROPEAN UNION

THE REGULATORY FRAMEWORK

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

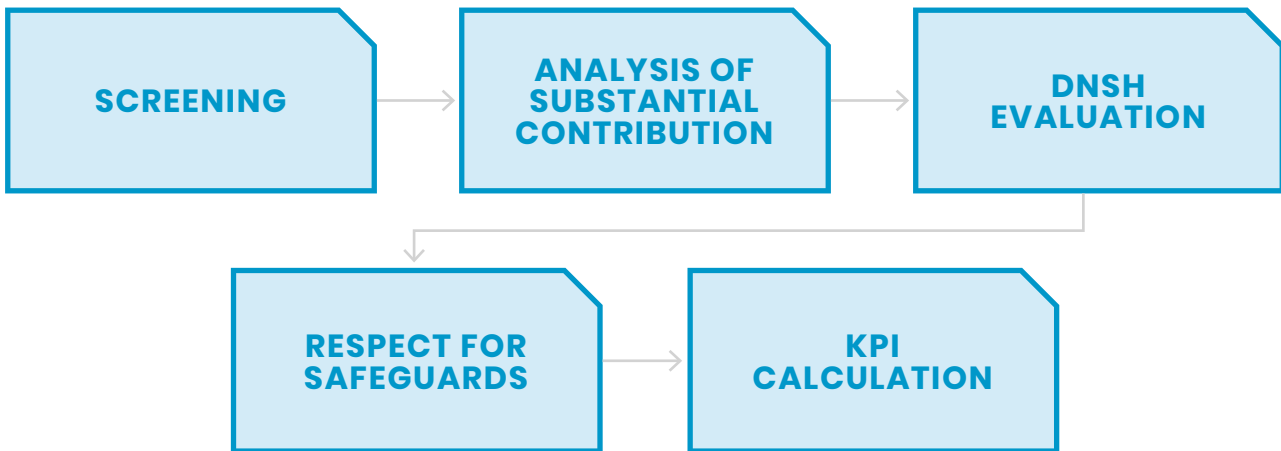
Regulation EU 2020/852 on Taxonomy and subsequent EU Delegated Regulations 2021/2139 and 2021/2178 address this very need by defining the requirements that an economic activity must meet to be considered environmentally sustainable. Specifically, it is environmentally sustainable if it contributes substantially to the achievement of one or more of the environmental objectives defined by the Taxonomy: climate change mitigation or adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and reduction, and finally protection and restoration of biodiversity and ecosystems. Moreover, to be considered sustainable in achieving one or more of these environmental objectives an economic activity must not cause significant harm to any of the others, must be carried out in compliance with minimum safeguards, and must comply with the prescribed technical screening criteria.

Based on Article 8 of the Regulations, starting with publications after January 1, 2022, in the Non-Financial Statement non-financial enterprises are required to report several indicators representative of economic operations that are considered environmentally sustainable and related to their share of turnover, capital expenditures, and operating expenses.

The Taxonomy Regulation and Delegated Regulations can be found on the EU website.

As recalled in the Methodological Note, Comer Industries prepares the NFS on a voluntary basis. However, consistent with its sustainability and transparency reporting commitments, it decided to also conduct an assessment on the eligibility and alignment of its economic activities with the requirements defined in the Regulations, also taking into account the interpretative clarifications provided by the European Commission, and to voluntarily include the disclosure in the 2022 NFS.

THE PROCESS OF IDENTIFYING ENVIRONMENTALLY SUSTAINABLE ACTIVITIES



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

1. **SCREENING**: identification of eligible economic activities with respect to the first two environmental objectives of Art. 9 of Reg. EU 2020/852 (climate change mitigation and adaptation).
2. **ANALYSIS OF SUBSTANTIAL CONTRIBUTION**: assessment of compliance with the technical screening criteria set out in EU Delegated Regulation 2021/2139 of June 4, 2021 (Annex I and II), which set out the requirements that an economic activity must meet in order to make a substantial contribution to climate change mitigation and adaptation objectives.
3. **ASSESSMENT OF COMPLIANCE WITH THE DNSH PRINCIPLE³**: assessment of compliance with DNSH criteria, i.e., that the activity does not cause significant harm to any of the environmental objectives in Article 9 of Reg. EU 2020/852, in accordance with Article 17 of the same Regulation.
4. **EVALUATION OF RESPECT FOR MINIMUM GUARANTEES OF SAFETY⁴**: Assessment of whether procedures implemented by the enterprise are in place to ensure that they respect the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights;
5. **CALCULATION OF KPIS⁵**: with exclusive reference to climate change mitigation and adaptation targets (the only ones technical screening criteria have been defined for to date), EU Delegated Regulation 2021/2178 of July 6, 2021 specified the content, methodology and manner of presentation of the information that must be reported, supplementing the provisions of Article 8 of the Taxonomy Regulation.

3 - "Do No Significant Harm" principle.

4 - Reference was made to the Final Report on Minimum Safeguards published by Platform on Sustainable Finance in October 2022 to assess compliance with the minimum safeguards.

5 - The KPIS represent the turnover, capital expenditures (CapEx), and operating expenditures (OpEx) of aligned and unaligned activities, as required by Article 8 of Regulation EU 2020/852.

The process implemented identified Taxonomy-eligible aligned, Taxonomy-eligible not aligned, and not eligible activities⁶ and calculated the metrics required by the Taxonomy Regulation related to the turnover, capital expenditures (CapEx), and operating expenditures (OpEx) associated with them for 2022.

ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

With regard to the goal of climate change mitigation, the application of the assessment process led to the identification of the manufacture of planetary gearboxes for wind turbines as one of the activities eligible for the Taxonomy, falling under the category "manufacture of renewable energy technologies."⁷ This activity appears to be Taxonomy-aligned by contributing substantially to achieving the objective through compliance with the technical screening criteria, not causing significant harm to any of the other objectives,⁸ and being carried out in compliance with the minimum safeguards.⁹ Finally, it turns out to be enabling according to Article 16 of the Taxonomy Regulation.

No Taxonomy-eligible not aligned economic activities were identified.

Regarding the climate change adaptation objective, Comer Industries' activities are not among those classified to date as eligible for the Taxonomy with respect to climate objectives, described in EU Delegated Regulation 2021/2139 of June 4, 2021, Annex II.

CALCULATION OF KPIS ASSOCIATED WITH ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

The charts show the share of aligned eligible and not eligible activities relative to turnover, CapEx and OpEx calculated for 2022. [Appendix I Sustainable activities: the Taxonomy of the European Union](#) provides detailed tables of these indicators as required by EU Delegated Regulation 2021/2178 (Annex II).

6 - Taxonomy Eligible Aligned: refers to an economic activity that simultaneously meets the following three conditions: it is included in the EU Taxonomy Regulation for its potential substantial contribution to climate change mitigation or adaptation; it meets the specific criteria developed by the EU Taxonomy Regulation for that specific environmental objective; and it meets all DNSH criteria and Minimum Safeguards.

- Taxonomy-Eligible not aligned: refers to an economic activity that: is included in the EU Taxonomy Regulation for its potential substantial contribution to climate change mitigation or adaptation; but does not meet the technical screening criteria developed by the EU Taxonomy Regulation for such activities and specific environmental objectives; or does not meet at least one of the DNSH and/or Minimum Safeguards.

Not eligible: refers to an economic activity that has not yet been included among those that contribute substantially to climate change mitigation or adaptation.

7 - This activity is described in Section 3.1 of Annex I to EU Delegated Regulation 2021/2139 of June 4, 2021.

Note in this regard that Comer Industries has adopted a conservative approach in the process of screening and evaluation of eligibility of economic activities. The economic activities of manufacturing key components to serve economic activities falling under the categories described in Sections 3.2-3.6 of Annex I of EU Delegated Regulation 2021/2139 of June 4, 2021, including the activity of manufacturing key components for electric vehicles and equipment, were not considered eligible. Conversely, the activity of manufacturing planetary gearboxes was considered permissible because they are designed, manufactured, and sold to serve wind turbines, and likewise are an integral and essential part thereof.

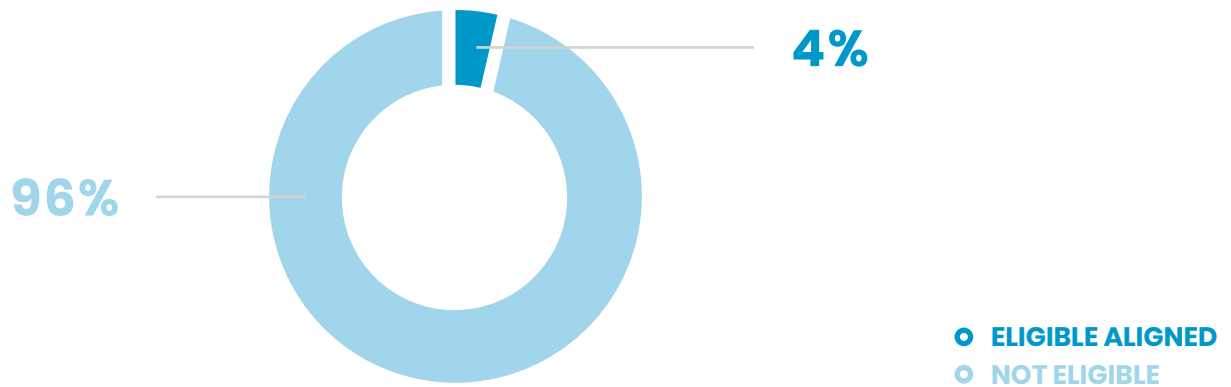
8 - The assessment of compliance with DNSH criteria, i.e., that the activity does not cause significant harm to any of the environmental objectives in Article 9 of Reg. EU 2020/852, was performed in accordance with the criteria of EU Delegated Regulation 2021/2139 of June 4, 2021 based on documented activities and evidence already available within Integrated System management, to achieve risk reduction and compliance objectives.

9 - Comer Industries implemented a due diligence process inspired by the principles and criteria set forth in the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the relevant ILO principles. More information on this can be found in the "Human Rights" section.

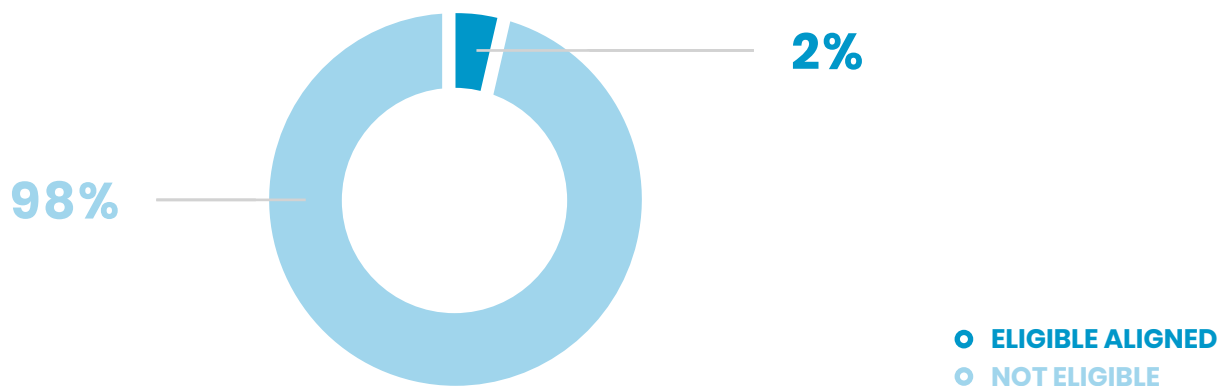
Financial information was collected and extracted from the accounting system used by the Company for the preparation of the statutory financial statements, prepared in accordance with IFRS. The data used to calculate the indicators on turnover, *OpEx* and *CapEx* required by the regulations were therefore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

Since this is the first report, the values of the KPIs represent the baseline for future reporting.

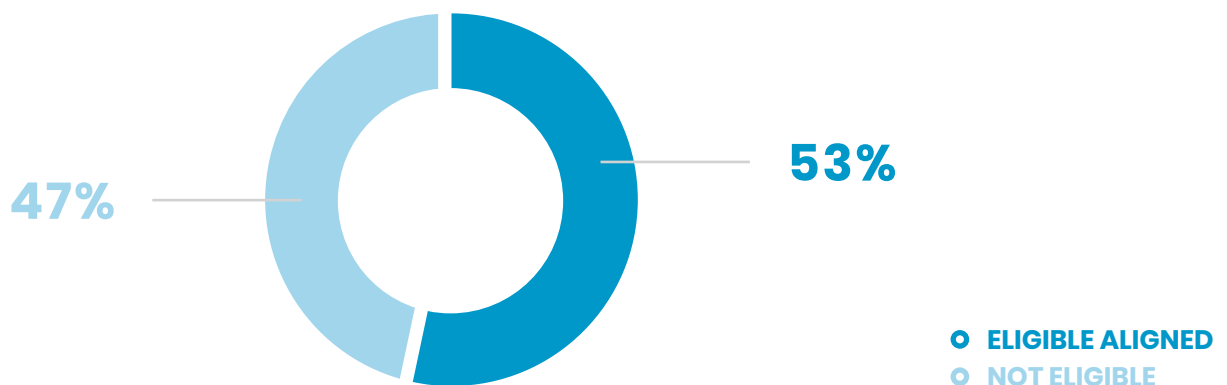
2022 SALES



CAPEX 2022

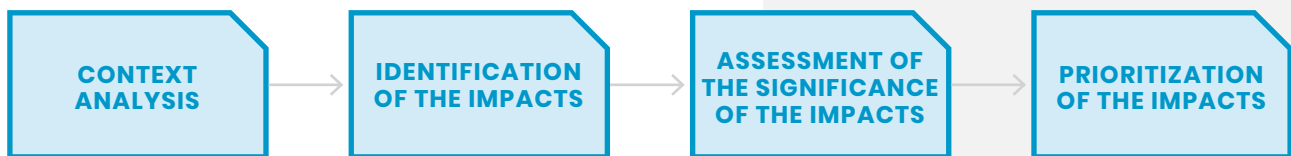


OPEX 2022



THE MATERIALITY ANALYSIS

The reporting in the Sustainability Report focuses on material topics as well as the concept of impact and due diligence. As defined by the GRI Standards, material topics are those aspects that reflect the organization's most significant impacts on the economy, environment and people, including on human rights.



The **materiality analysis process** consists of the following stages:

1. Context analysis

An analysis was performed to understand the context of the organization, delving into aspects such as the *activities* carried out by Comer Industries (in terms of mission, vision, business model, type of business, geographic area of interest, etc.), *business relationships* (customers, suppliers, contractors, etc.), *sustainability context* (mega trends, industry trends, competitors, regulatory environment, etc.), and *relevant stakeholders* (next section).

2. Identification of sustainability impacts

Key impacts of the organization on the economy, environment and people, including on human rights, were identified based on the outcomes of the context analysis and issues that emerged from the ongoing dialog with stakeholders and experts inside and outside the organization. A detailed analysis allowed each impact to be systematically associated with one or more relevant sustainability issues. The issues identified were listed and submitted for evaluation by management and stakeholders, described in the next section.

3. Evaluation of the significance of the impacts

Following identification, an assessment of the most relevant sustainability impacts and issues was performed through a "targeted" process that involved the direct involvement of key categories of internal stakeholders (employees) and external stakeholders (suppliers, investors) as well as top management, through the completion of an assessment questionnaire that assigned each impact or issue a priority for action by the organization using a scale from 1 ("Not important") to 4 ("Top priority").

4. Prioritization of the most significant impacts

The assessment led to determining the significance and priority of impacts, and subsequently establishing a significance threshold for the purpose of relating each significant impact to a "material" topic for reporting. The list of material topics was finally submitted to the Group's top management (CEO and Executives) for final approval.

The full list of current and potential positive and negative impacts and related material topics for 2022 can be found in [Appendix I The materiality analysis](#).

STAKEHOLDER ENGAGEMENT

Involvement and continuous discussion with stakeholders (stakeholder engagement) is a central phase of the materiality analysis, in order to integrate their needs and expectations into the decision-making process. This year's process presented an opportunity to identify new instances arising from the expansion of the scope following the acquisition of Walterscheid Powertrain Group, with a broader involvement than in the previous year. The results are detailed in the next section.

The relations with stakeholders provide for different tools and dialog channels for the different categories, based on 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 - Analysis of Investment policies and measurement criteria in the ESG area, relating guidance to issues relevant to Comer Industries - Periodic meetings and events - Press releases
EMPLOYEES	Constant dialog with management - Informal and institutional meetings - Specific survey with assessment of relevant issues that covered all Group employees - Training meetings and events - Corporate welfare initiatives - Corporate intranet - Smartphone application - Performance evaluation 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	Survey administered to the main suppliers following a specific communication and engagement activities - 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 with ratings and score cards) - Performance evaluation tools and questionnaires - Audits and inspections
PUBLIC ADMINISTRATION	National and local public bodies - National and 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
MEDIUM	Dissemination of press releases - Social media

THE RESULTS

In 2022 Comer Industries reaffirmed its commitment to integrating sustainability into its business model by conducting a materiality analysis for the third year in a row. This made it possible for it to more effectively account for the changes that have taken place at the corporate level.

Compared to 2021, the analysis significantly expanded the list of material topics, underscoring a special focus of the Company and stakeholders on people-related issues such as respect for human rights and protection of personal data, going beyond legal compliance. In keeping with this increasing focus on people, the topics of Human capital and employee well-being have been differentiated from that of Training.

The centrality of issues pertaining to ethics and compliance was also confirmed. The latter area was separated from ethical business management to affirm the foundational role of compliance with the system of rules and obligations for the Company's culture.

In the environmental area, with the organization's significant maturity in the area and in view of the dynamics taking place in the energy sector and its impacts, the topic of Effective and efficient management of energy, differentiating it from the topic of Emissions and climate change, and Responsible use of water resources has become more relevant.





In keeping with the changing socioeconomic environment and framework compared to 2021, Business continuity and Digitization were also assessed as issues with a significant business impact. In contrast, Territory development emerged with a lesser relative importance.

MATERIAL TOPICS



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

MATERIAL TOPIC	IMPACTS, MOTIVATIONS AND RELEVANCE OF THE TOPIC	LINKED SDGs
<p>Ethics and integrity in business</p> <hr/> <p>Compliance</p>	<p>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.</p>	 
<p>Risk management</p>	<p>Decision-making processes are based on comprehensive and integrated risk management through activities such as risk mapping, identification, measurement, assessment, and treatment.</p>	
<p>Security of personal data and information</p>	<p>The security of personal data and internal information, as well as that of employees, customers, suppliers and all those who interact with the organization in any way is a strategic asset of the Company.</p>	 
<p>Supply chain sustainability and responsibility</p>	<p>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 Company model.</p>	  
<p>Economic value generated and distributed</p>	<p>Economic sustainability and financial equilibrium are essential conditions for ensuring an adequate distribution of the economic value generated in favor of all stakeholders.</p>	
<p>Product quality and safety</p> <hr/> <p>Product/service innovation</p>	<p>The 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. By investing in technological and digital innovation measures, Comer Industries aims to provide safe, reliable products that can fully satisfy customers, ensuring its reputation as well as business continuity with technological and digital innovation.</p>	 
<p>Digitization</p>	<p>Digitization of business processes and products makes it possible to strengthen reliability levels and review business information flows with a view to simplification and rationalization. Digitization projects are developed centrally in the Digitization function and with priorities and degrees of extension across the Company based on strategic objectives.</p>	
<p>Business continuity</p>	<p>As part of its strategic management process, the Company adopts practices to ensure business continuity, that is, the ability to continue to deliver products and services at predefined levels under emergency conditions.</p>	
<p>Occupational health and safety</p>	<p>The Company 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.</p> <p>An approach that guarantees continuity in business relations and reliability also for its partners, first and foremost customers and suppliers.</p>	
<p>Human capital and employee well-being</p>	<p>The Company considers human capital to be the most important factor for success, respecting the needs of employees, providing a work environment where they can develop professionally, respecting fundamental human rights and workers' rights in all the countries it operates in, both in its own activities and in its relations with third parties, and repudiating all forms of exploitation of forced and child labor.</p>	
<p>Personnel training and development</p>	<p>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.</p>	 

Diversity and equal opportunities	The Company intends to pursue its objectives with full respect for human rights and the principles of inclusion and non-discrimination. In all 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.	
Human rights and fair labor practices		
Effective and efficient energy management	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 the Group's operating model. This commitment is also reflected in purchasing policies, targets set and supply chain assessment systems.	
Emissions and climate change		
Responsible use of water resources	In managing Company processes, the Group 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.	
Responsible waste management		
Environmental impact of products	In addition to integrating sustainability criteria in the raw materials and energy procurement process, Comer Industries proposes and develops solutions that improve environmental performance downstream in the value chain (direct customers and end users) aimed at energy efficiency, lower consumption of substances and reduction of waste generated.	



CHAPTER 2



COMMERICAL SERVICES

THE COMER INDUSTRIES MODEL

MARKETS AND APPLICATIONS

With the acquisition of Walterscheid Powertrain Group in December 2021, Comer Industries has consolidated its market presence and expanded its customer and product base, surpassing 1 billion euros in total sales.

PRODUCTS AFTERMARKET & SERVICES

GEARBOXES



E-MOBILITY



AXLES & DUJ



AFTERMARKET PARTS DISTRIBUTION

To more than 130 distribution partners around the globe.

PTO SHAFTS & CLUTCHES



TRACTOR ATTACHMENT SYSTEMS (TAS)



PLANETARY DRIVES



VALUE ADDED SERVICES

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

DRIVESHAFTS



HYDROSTATIC TRACTION DRIVE (ICVD)

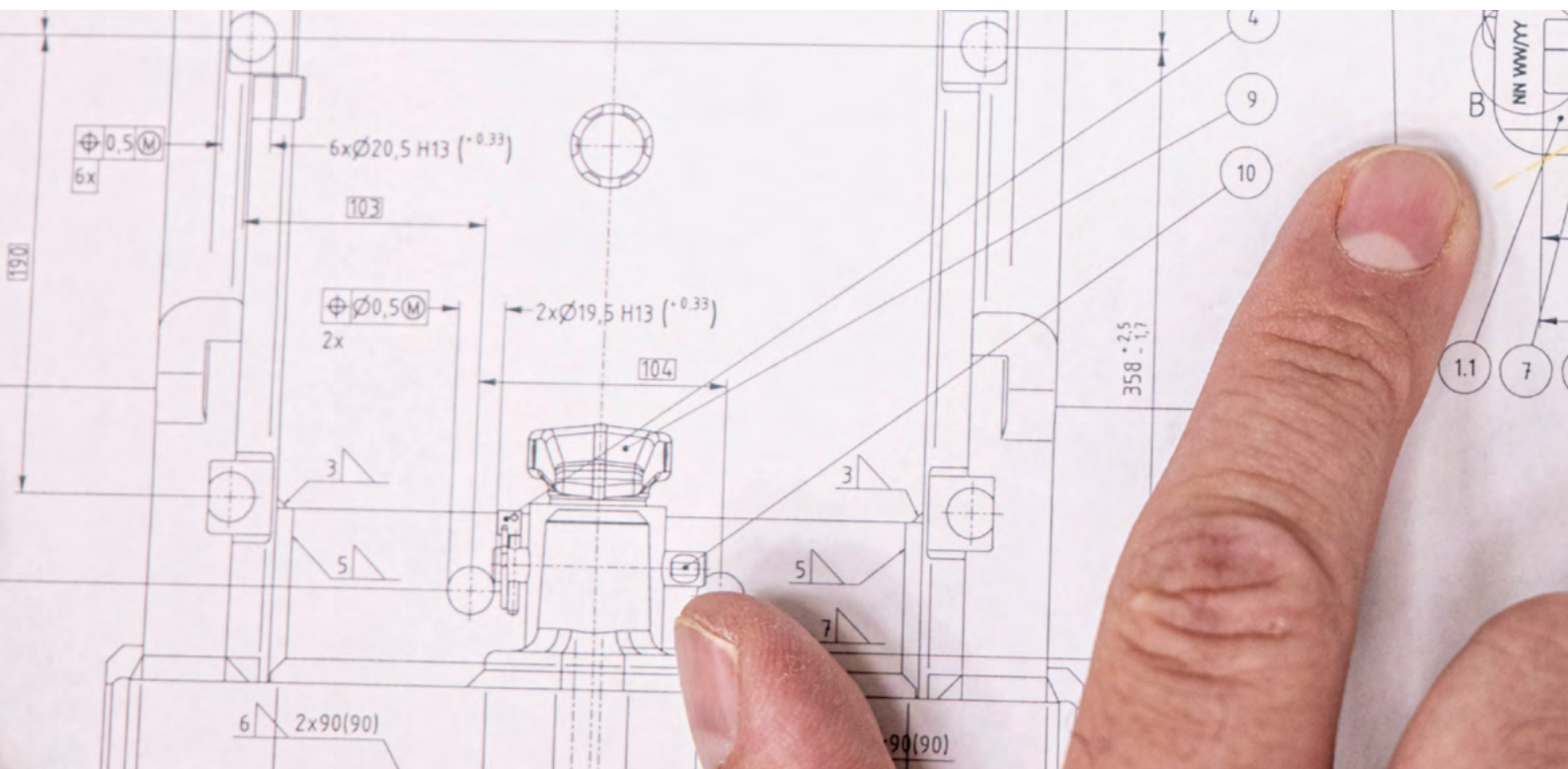


FAN CLUTCH



FIELD SERVICE & DIGITAL SOLUTIONS

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

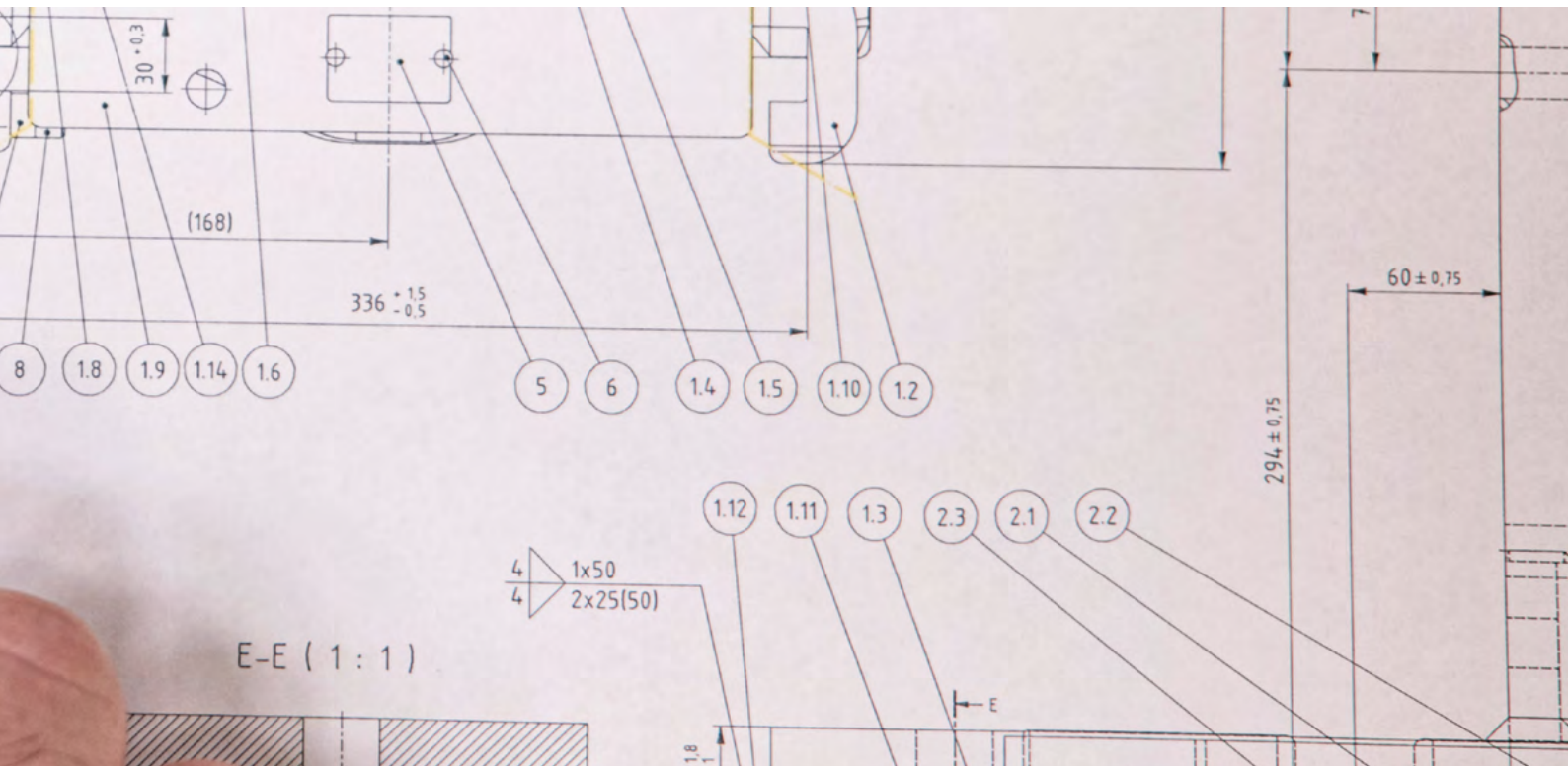


THE MAIN CUSTOMERS



Thanks to its revamped structure, Comer Industries can now support leading industry players in the development of innovative concepts and solutions at all stages of the product’s life with even greater incisiveness, from initial idea to mass production and use. It is also able to continuously support customers through the Walterscheid Powertrain Group’s worldwide after-sales network. Through constant dialog with manufacturers and relationships with after-sales departments of major OEMs, the Company collects and analyzes feedback from the field and end users in order to continuously improve the products and services offered.

At the **Bauma trade show in Munich** in October 2022, Comer Industries and Walterscheid Powertrain Group presented themselves as one company for the first time.



PRODUCT INNOVATION AND SUSTAINABILITY: VALUE FOR CUSTOMERS

Through its research and development and innovation processes, the Company responds to multiple needs and combines them based on the growing demands coming from the context: developing products with increasingly higher performance in terms of quality, improving safety and reliability levels, incorporating more and more contents in terms of sustainability.

THE DRIVERS OF SUSTAINABILITY IN DESIGN

- *reduction of the weight of components and improvement of transmission efficiency to help reduce machine consumption;*
- *reduction in the amount of lubricant used to operate the systems;*
- *search for materials with a lower impact on the environment and on the health and safety of users through the mapping of raw materials and the search for alternatives;*
- *partnerships with customers to develop products for renewable energy applications or zero-emission mobility solutions.*

TOWARD LOWER ENVIRONMENTAL IMPACT: THE REDUCTION OF CONSUMPTION AND LUBRICANTS

One example of how lower environmental impact and reduced fuel consumption can be achieved through eco-design is the **2400- and 2500-series PTO** driveshafts, in which functional performance has been improved without increases in weight and size through new advanced calculation methods.

Furthermore, using the Walterscheid Connected Service app, the **Digital Twin**¹⁰ project provides the user with a tool to grease the driveshaft using the correct amount of grease depending on the size, hours of operation, and type of application, thus reducing the amount of lubricant used during the life of the driveshaft and the frequency of routine maintenance.

10 - Digital Twins are used for a variety of purposes, particularly in design, manufacturing, and predictive maintenance, as they allow the behaviors of an element in the physical world to be simulated with great accuracy in a digital environment. It is for all intents and purposes a virtual "twin" of its physical equivalent, be it an object, process, person, system, or device. According to Gartner - one of the world's leading analysts in technology - it is one of five emerging trends that will drive technological innovation for the next decade.

Another example is the Mobile Elevating Working Platform (MEWP), for which Comer Industries has introduced a new architecture for power transmission through the introduction and development of the **P-Series** axle line, which has led to greater efficiency of the entire transmission system.

Today this innovative and more efficient architecture can also be used on larger aerial platforms thanks to the combination of the **new P20 axle** with an electric drive train. Designed and developed specifically for aerial platforms with a reach of 20 to 25 meters, the P20 axle enables efficiency and a consequent reduction in the total cost of the machine of at least 30% compared with architectures currently on the market.



In the construction equipment sector, Comer Industries continues its efforts to develop more compact, lighter, and higher power density transmissions for the **Planetary Drives** segment for the crawler excavator market.

Building on its experience in high-end excavator rotations, Comer Industries has expanded its offerings with the new **PG1500 EX**, developed specifically for the 20-ton machine segment and made with 20% less weight than the previous version. Since this segment

has the largest market volumes, a positive environmental impact can be assumed in terms of both energy savings and CO₂ not emitted into the environment.

Currently the crawler excavator industry is evolving toward electrified powertrains. With this in mind, the **PG1500 EX**, initially developed for hydraulic traction, is already designed for a high-voltage electric drive.



SOLUTIONS FOR MACHINE ELECTRIFICATION

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

These include the pilot project conducted with *Lohr Industries* (France) to test an autonomous i-Crystal shuttle equipped with **AC3300i-AAR3700i** homokinetic driveshafts. The i-Crystal autonomous shuttles are 100% electric and are highly scalable, making it possible to offer a supply proportionate to demand to optimize transportation resources and reduce waste.



The collaboration with Rosenbauer International AG (Austria), on the other hand, led to the creation of the Concept Fire Truck CFT electric firefighting vehicle prototype, equipped with CV-series constant velocity drive shafts. By combining these shafts with several other innovative technologies, the new concept offers an increased level of safety, excellent maneuverability and driving dynamics, and integral networking, all of which streamline use while reducing fuel consumption and waste.

To capitalize on the rapid growth in demand for *compact electric vehicles* and meet their challenging efficiency targets, Comer Industries has extended the operating range of the previous transmission to 6,000 rpm with the new **I-S428 HS**.

The new generation of electric transmissions allows offering components with improved capacity and the possibility of increasing the maximum input speed up to 9,000 rpm.



Requiring no forced lubrication, this technology also avoids the use of oil and reduces noise emission by 25%.

COMMITMENT AND RESPONSIBILITY THROUGHOUT THE PRODUCT LIFE CYCLE

Starting from the product development stage and then continuing throughout the life cycle, the Company follows a process aimed at the responsible management of all aspects related to sustainability. Special attention is paid to compliance with all national and international standards applicable in the various target markets, as well as to meeting contractual requirements and technical specifications. Furthermore, the process aims to achieve the highest standards of user safety, minimize environmental impacts, and achieve full supply chain involvement.

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

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

During the product design phase, Comer Industries applies methods for the preventive assessment of potential failures (DFMEA) to all products. The methods identify characteristics that impact security and measures to mitigate risks, anticipating any critical issues that could compromise their safe use or reliability. During manufacturing, these characteristics are managed in such a way as to minimize the probability of failure through anti-error or automatic control systems.

Advanced testing and simulation systems are then used in the **Testing and Validation Centers** situated in various locations. Following the acquisition of Walterscheid, the Testing and Validation Area saw substantial structural growth from the original 2,100 square meters located at the Reggiolo site to the current 5,960 square meters now also at the Monguelfo, Lohmar, and Rockford sites, with a total of 60 main testing stations and a staff of 28 specialized technicians.

The centers conduct functional, endurance, and fatigue tests according to the validation criteria set for each type of system, and in the specific case of gimbals in the agricultural sector for the purpose of type approval according to the Machinery Directive. A total of 100,000 test hours were passed in 2022.

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

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

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

Comer Industries is progressively integrating the assessment of environmental and social impacts of products within its development processes, gradually optimizing performance. The Company has developed a method for mapping and evaluating the materials used in components and manufacturing processes: the system makes it possible to determine product characteristics related to chemical composition, percentages of recycled material, and levels of downstream recyclability. The goal is to verify compliance with regulatory and contractual product requirements, gradually reduce the use of hazardous substances, and improve the environmental footprint. The data used are provided by the component suppliers themselves, or alternatively from sources found in industry literature.

PRODUCT CIRCULARITY

In continuity with the project started in 2021 on a specific family of products in the wind energy sector, during the last financial year the study was extended to double joints used in the agricultural sector.

*The results gathered in 2022 in combination with previously studies show that **28%** of the product is composed of material from recycling, while an average of **95%** of the delivered product is recoverable.*



Initiatives directed at reducing environmental impacts are not just about the product. With a collaborative approach based on shared goals with customers, the Lohmar production site promoted **packaging rationalization and optimization**, eliminating disposable wooden packaging and replacing most of it with returnable packaging. As a result of the substitution, which involved about 30% of the wood packaging, the impact associated with waste generation was reduced and the logistical flow in coordination with customers was facilitated.

For the manufacturing process of the same product additional changes led to an increased use of recycled plastic for the protective components of the gimbal and the replacement of paper labeling and documentation with laser markings. Finally, for customers requiring paper documentation, recycled paper was used for the operation and maintenance manuals.



SUPPLIERS

Comer Industries works with a wide network of suppliers and over time has built relationships with them, focusing on common investments able to create value in the long term. The Company manages relationships with suppliers with loyalty, fairness and professionalism, encouraging ongoing collaboration and solid, long-lasting relationships.

The Supply Chain department defines supply policies and ensures the centralized procurement management of goods, services and works for the Group. Supplies are governed by specific contracts and, where possible, by multi-year framework agreements.

DEEPTIER

The Company's commitment to the sustainable development of the supply chain goes beyond the simple involvement in and promotion of initiatives to improve performance, also offering concrete support in terms of financing innovative projects. After a careful analysis of the opportunities and inefficiencies in the system in place for financing and managing supply relationships, in collaboration with Iungo and Gellify the Company provided the market with expertise and know-how in the form of DeepTier, a platform that engages and offers support to supply chain actors: from customers, to supply chain leaders, suppliers and sub-suppliers. DeepTier offers support to access various forms of advances and financing from financial institutions on quick, favorable terms so as to increase one's competitiveness and focus one's resources on improving manufacturing operations.

THE SELECTION, QUALIFICATION AND MONITORING PROCESS

The **selection** of suppliers and the setting of the purchase conditions for goods and services are based on impartial evaluations. The 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 a solid economic and financial structure.

The preliminary phase is the **qualification** of the supplier, managed by the Supplier Development department through the evaluation of specific information collected. Audits are also conducted that examine management systems for quality, environmental, social and health and safety aspects, as well as technological capacity, are analyzed and assessed. At this stage, when registering on the dedicated web portal suppliers declare that they will observe the principles of the Company's Code of Ethics, which is a primary condition for being added to the vendor list. In 2022, 81% of new suppliers were also evaluated using environmental and social criteria. The decrease in the figure compared to 2021 (100%) reflects the complexity of the process of integration and standardization of methods that is still being completed.

Different types of risk are monitored during the scouting phase and throughout the relationship with the supplier, starting with the risk of negative performance in terms of cost, product quality, or service. The social and ethical sustainability risk associated with activities with negative impacts on the community and the environment is also assessed, although not yet extended to all suppliers.



Based on assessments related to know-how, process impact and purchase volume, suppliers are classified within a *Kraljic* matrix¹¹ into four categories, for each of which specific contractual and risk mitigation strategies are defined.

In relation to components, prior to mass production, Comer Industries performs a complex process for checking and approving the supplier's process and product characteristics (PPAP) before proceeding with mass production, performing an analysis of evidence collected in the field and measurements of critical variables.

Through its Supply Chain department, Comer Industries constantly **monitors** suppliers, both through the performance evaluation and on the basis of objective indicators. The Company assesses its performance in terms of quality, competitiveness, sustainability and service levels at least semi-annually through the Vendor Rating tool, which highlights the main critical areas, if any, to start a continuous improvement process, aimed at achieving shared targets. In keeping with the plan to integrate sustainability aspects into the Company's processes, in 2022 a sustainability score was added to the supplier scorecard.

The Company involves the supply chain in its efforts to progressively improve product quality and sustainability performance by promoting risk mitigation actions, including from a product life cycle perspective.

To cope with procurement difficulties in the reporting year due to the complex international environment, risk analyses were performed on components based on procurement turnover and technological complexity. Where necessary, alternative supply chains were activated in order to establish double sourcing, i.e., the possibility of obtaining the same product from two different suppliers. This ensured the continuity of the production process without significant delivery delays.

Aware of how the supply chain plays a key role in sustainable development, the Company has launched several initiatives aimed at assessing its sustainability performance levels and identifying and managing related risks.

These include supplier engagement as part of the materiality analysis update (see the section *The strategic value of sustainability | The materiality analysis*) and due diligence regarding respect for human rights (see section *People | Human rights*).

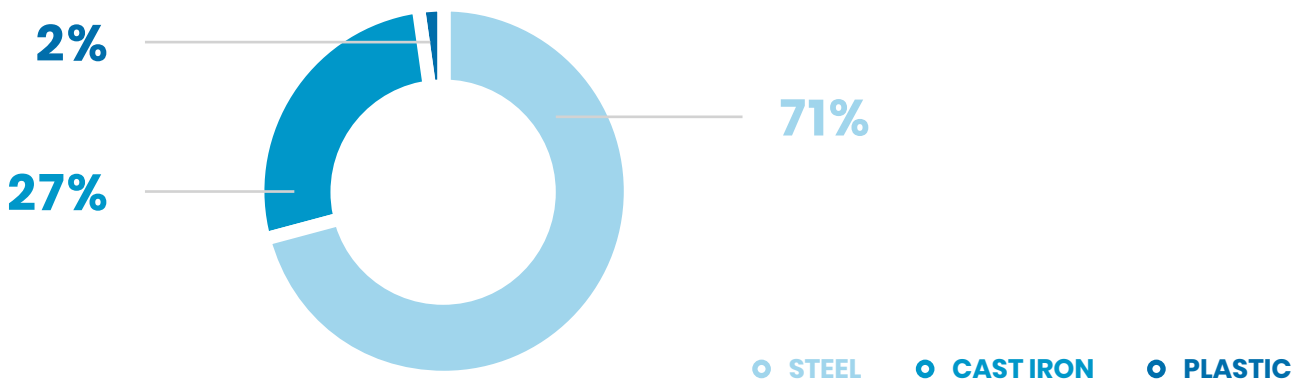
11 - A Kraljic matrix is a four-category model designed to identify differentiated procurement policies to optimize the use of resources in the process while ensuring delivery in terms of time, cost, and quality.

COMER INDUSTRIES SUPPLIERS

In 2022, the raw materials and components used to make finished products were supplied by around **1,200 suppliers** and generated a total purchase value of **635 million** euros.

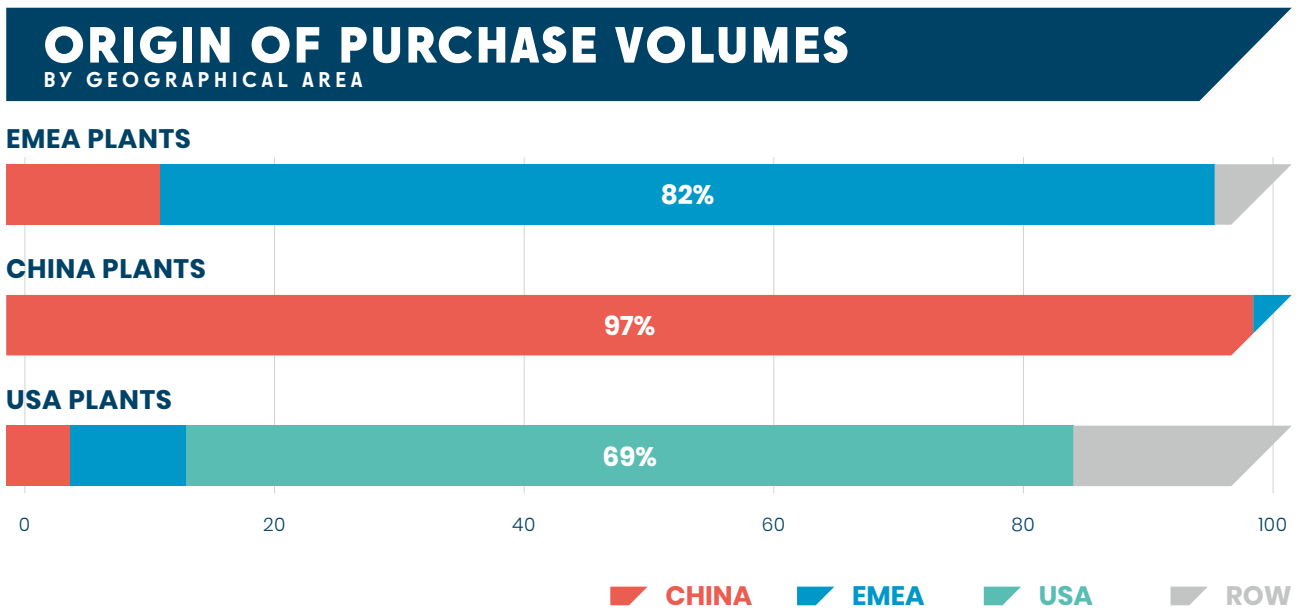
To manufacture its finished products, the Company uses raw materials and semi-finished products, mainly cast iron products and components in ferrous alloys or steel. As the product range has expanded, plastic has become a component of focus for the Group.

In terms of expenditures, it is shown that 80% is attributable to the purchase of steel, cast iron, and plastic materials in the percentages of 71%, 27% and 2%, respectively. The remaining 20% relates to the purchase of electronic and commercial components.



The supply chain has been developed following the needs of the production plants located in Europe, India, China, USA, and Brazil in order to ensure fast market response, flexibility and growth of supplier know-how.

More than 65% of the purchasing volumes of major production facilities are procured from local suppliers, i.e., located in the same geographical area where the product is assembled.



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, simultaneously supplying both local markets and foreign production plants.

TERRITORY DEVELOPMENT

For Comer Industries the region it operates in and the nearby communities are resources to be preserved, cultivated, and valued in terms of economic, social, and cultural development.

In keeping with United Nations Sustainable Development Goals, a concrete commitment to sustainable development starts with the awareness that we have an important responsibility to the environment and society. For this reason, for years now a series of programs and partnerships supporting innovation, education, environmental sustainability, and the creation of value for ourselves and for future generations have been a fundamental part of the Group's DNA.

“

As an organization we feel a responsibility to do something tangible to promote sustainable development in the communities we operate in. For Comer Industries, sustainability is a key factor in long-term value creation and is increasingly an integral part of the way we do business.

Matteo Storchi
President & CEO

“ATELIER A PALAZZO”: EDUCATION AND TRAINING AS LEVERS FOR LOCAL DEVELOPMENT



The project to renovate Reggio's Palazzo Sartoretti, now home to the offices of the municipal administration, began in 2020 and ended in November 2022 with the opening of the Ateliers in the park adjacent to the Palazzo. Over the course of two years the building that symbolizes Reggio has returned to life after the 2012 earthquake thanks to a renovation and decorating project promoted by Comer Industries and numerous initiatives born out of the collaboration between institutions, business and the world of education.

Four key actors – the Municipality of Reggio, Comer Industries, the Reggio Children Foundation and the Azienda Servizi Bassa Reggiana – collaborated to create the “Atelier a Palazzo” project inside the historic building: a fun, educational research initiative designed for children, teens, and adults that aims to investigate the phenomena of mechanics and gears and explain them with different languages and workshop activities. The Ateliers are situated both inside the Palazzo and outside in the adjacent park: some open-air areas suitable for hosting new experiments and a mix of expressive and scientific languages were designed with the aim of encouraging interactions between children, young people, and adults and the surrounding nature, attracting numerous schoolchildren and teachers from different parts of the world and thus contributing to the promotion of the local community well beyond its borders.

The initiative involving Reggio Children and Comer Industries is a valuable partnership that has been going on for a few years now: first launched in 2019, today this collaboration continues to promote the education of young children using the method known internationally as the Reggio Emilia Approach®. Palazzo Sartoretti has become an important point of reference for art and culture, hosting permanent and temporary exhibitions in addition to the workshops of “Atelier a Palazzo.”



VIDYA HOME: CONCRETE SUPPORT FOR DESERVING GIRLS AND BOYS



Support continued for the Vidya Home project in Bangalore, where the Company has been operating since 2015 and has decided to invest further by expanding its production in an even larger factory. Vidya Home is the result of a collaboration with the volunteer association "Namaste, Onore a te", which for over 20 years has been working to guarantee the right to education and health to children and young people in poverty.

The initiative aims to provide concrete support to the Bangalore community, providing 10 deserving female students with the resources necessary to cultivate their talent, supporting them throughout their studies to become nurses. The Company also provides room, board, and protection through the presence of a resident mentor. A place dedicated to education, a safe haven where they can grow.



 Vidya Home

our
BRIGHT
Our
commitment
sustainability
impact

PARTNERSHIPS WITH ITALIAN AND INTERNATIONAL UNIVERSITIES

Each year the Company promotes workshops and training in cooperation with leading Italian universities to educate future generations. Recruiters are present at Career Days in various academic hubs to introduce the Company and distill the expectations of recent graduates and potential talent. Numerous workshops were also scheduled during the year in collaboration with the University of Parma and the University of Modena and Reggio Emilia, during which Group employees shared their theoretical and practical knowledge with students of specialized courses in Mechanical and Management Engineering. The Company also hosted students from around the world from Bocconi University's Lean Organization degree program as part of a factory tour to learn more about lean management and Industry 4.0. In Germany, Walterscheid has long collaborated with the University of Cologne. Especially in the field of agricultural engineering, thesis and research projects, educational internship experiences, and farm visits by students are crucial to learning the relationship between the study of theory and practice. For the most deserving students, collaborations with universities often end with internship projects in the Company, triggering a virtuous cycle of exchange of skills between the academic world and the working world.



ÜFA: TRAINING FOR JUNIOR EMPLOYEES

"ÜFA" is the training Company first established in August 1985 at the Walterscheid office in Lohmar. It is a project focused on both education and territory development, in which some young people can put the know-how and skills they have learned into practice in a real limited-liability company with its own capital and shares. It has a real flow of money and goods, but unlike normal businesses that operate economically, the profit generated at the end of the year is donated to a social project in the area. Thanks to the ÜFA project, young men and women have the opportunity to take personal responsibility much more quickly and apply their education to real life.



LE VILLAGE BY CRÉDIT AGRICOLE: SUPPORTING INNOVATION

Fostering the promotion and dissemination of a culture of innovation: this is the goal of the now multi-year partnership between Comer Industries and Le Village by CA Parma, the first Benefit Company of the Crédit Agricole Group Italy and one of the first European innovation hubs to achieve such recognition. Thanks to the participation of the most important institutional and industrial players in the area, this ecosystem brings value to all those involved: it fosters knowledge and interaction between financial and industrial realities and start-ups that can take advantage of services to accelerate their business, receive support in fundraising, develop abroad, and work alongside structured organizations that can accompany them on their growth path. On the other hand, established industries benefit from collaboration with start-ups in terms of know-how and innovative ideas applied to their business operations, taking advantage of new technologies as facilitators in business development.



REGGIOLO PADEL CLUB AND SESSANTALLORA: COMER INDUSTRIES PROMOTES SPORTS



Incentivizing employees to enjoy leisure time in a healthy way is the premise behind the two partnerships established by Comer Industries in the field of sports.

The two-year collaboration with the Reggiolo Padel Club sports club meets the goal of supporting youth entrepreneurship and sports activities as levers of economic and social development in the area.

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

Moreover, since 2018 the Company has been supporting Sessantallora, the amateur sporting association of Carpi, Modena, which promotes activities in the cycling, mountain bike and triathlon sector. Since then, the two entities have shared the same passion, both being exemplars of sustainable mobility as a real way of life.



FAI CORPORATE GOLDEN DONOR

This is a long collaboration between the Group and FAI in the form of the Corporate Golden Donor membership program that the Company has participated in since 2019. The initiative reaffirms the Company's attention and concrete commitment to art and culture, with the conviction that Italy's landscape and cultural heritage is the starting point for building a better future for us and for younger generations.

For more than four decades, FAI has been protecting and caring for more than 50 properties throughout the country: important historical, artistic, and scenic settlements, castles and mansions, parks and gardens, villas and abbeys saved from neglect, restored, protected, and opened to the public.



HEARTS OF GOLD: SUPPORTING ASSOCIATIONS IN AND AROUND LOHMAR FOR 16 YEARS

For the past 16 years, the Hearts of Gold initiative has been supporting area associations in and around Lohmar thanks to the contributions of employees who can donate overtime compensation and reimbursements. Moreover, at the Family Festival, Lohmar's annual employee event, proceeds from admission and raffles are donated to the project.

Since the Hearts of Gold initiative began, about 850,000 euros have been raised and donated to more than 75 social institutions.



CHAPTER 3





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 S.p.A.'s 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 strategic and organizational guidelines, it verifies the appropriateness of organizational structure and the suitability of necessary controls to monitor Company performance. It has two Internal committees – Remuneration and Related Parties – whose composition is given below.

NAME	BOARD OF DIRECTORS	IN OFFICE SINCE	ATTENDANCE AT BOD MEETINGS ^A	COMMITTEES	NUMBER OF OTHER IMPORTANT POSITIONS ^B
Matteo Storchi	Chairman and Chief Executive Officer	April 26, 2018	100.0%	-	1
Cristian Storchi	Vice President and Board Member	April 26, 2018	100.0%	-	3
Luca Gaiani	Board member	April 27, 2017	100.0%	-	18
Matteo Nobili	Board member	February 25, 2019	100.0%	Related Parties Remuneration	2
Arnaldo Camuffo	Independent Board member	February 25, 2019	100.0%	Related Parties Remuneration (Chair)	1
Marco Storchi	Board member	February 25, 2019	100.0%	-	1
Paola Pizzetti	Independent Board member	May 20, 2019	87.5%	Related Parties (Chair) Remuneration	1
Joseph P. Huffsmith	Board member	December 01, 2021	100.0%	-	1
Lee M. Gardner	Board member	December 01, 2021	100.0%	-	-

A - During the period from January 1 to December 31, 2022

B - For the purpose of the number of concurrent positions, offices held as of December 31, 2022 as director, statutory auditor, shareholder, and subordinate employment in companies with sales exceeding one million euros or financial companies as reported in the respective declarations are taken into account

GENDER**AGE****GEOGRAPHICAL AREA**

Article 14.2 of the by-laws requires directors to meet the eligibility and integrity requirements of the law and other applicable provisions. In addition, at least one member of the BoD shall be independent pursuant to Article 148, paragraph 3 of the TUF, and shall be selected based on the criteria in the Euronext Growth Milan Issuers' Regulation.

For transactions concluded by the Company with related parties (as defined in IAS 24), the Company applies the Procedure for Related Party Transactions (see the section *Governance | Responsible business management*) adopted by the BoD in accordance with the provisions of the Italian Civil Code and Consob regulations on related party transactions. In the case of potential conflicts of interest, as per Italian law any executive with an interest in the transaction must report it to the CEO, or, in the case of a member of the BoD, to the governing body.

Furthermore, in the cases envisaged by law, the Company must publish specific press releases describing the nature of the executive's interest.

Finally, the transactions that are most significant in terms of value are included (with all the specifics regarding the relationships of the executives involved and stakeholders, where necessary) in the annual or interim financial reports.

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

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

The Board of Directors is significantly involved in managing the organization's impacts on the economy, the environment, and people. Indeed, the agenda of the 2022 Board meetings included the issues of Taxonomy as required by Regulation EU 202/852 and CSRD - Corporate Sustainability Reporting Directive and Materiality Analysis, the findings of which were approved by the CEO on December 19, 2022.

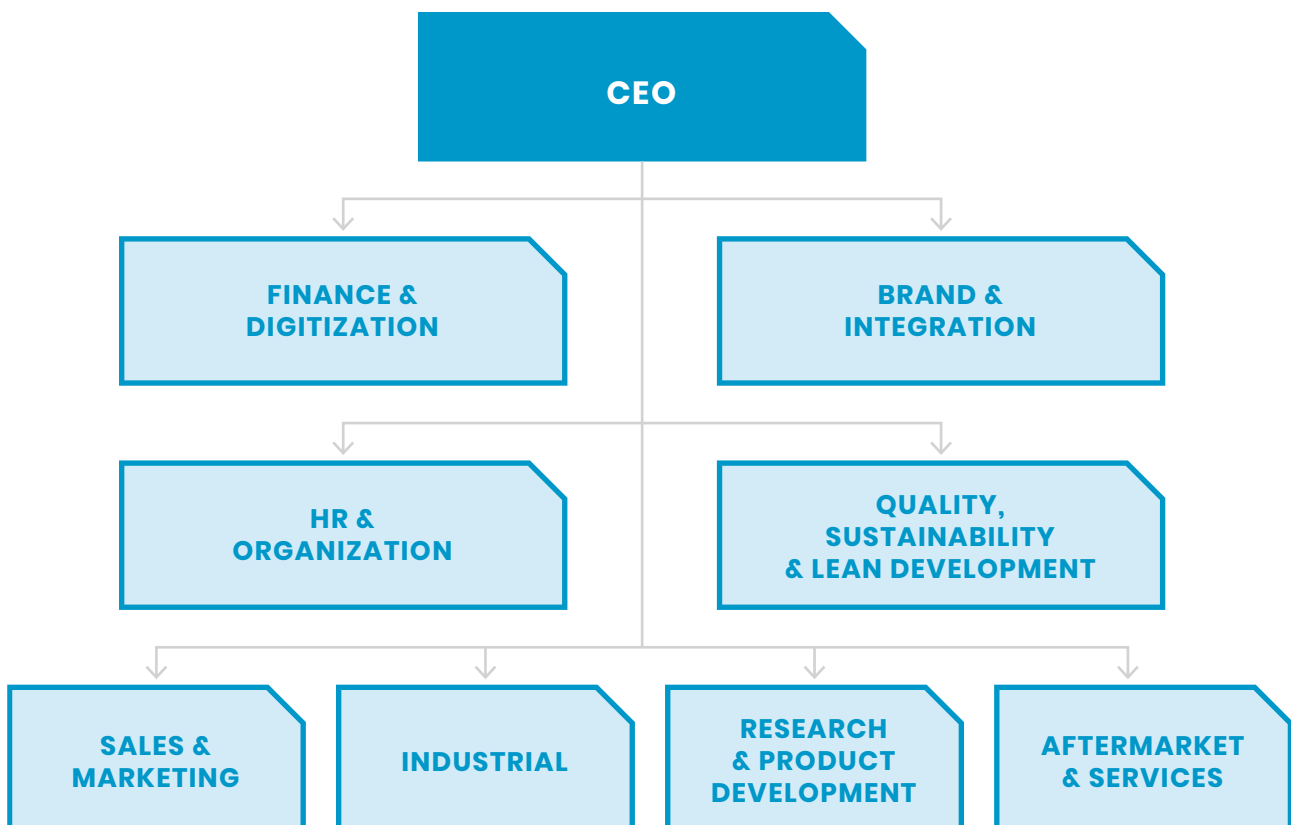
During 2022, a function was consolidated within the Quality, Sustainability & Lean Development Department to globally coordinate all aspects related to the Compliance & Sustainability area, with responsibility for implementing commitments stated in policies in terms of sustainability and corporate responsibility. The function was assigned the authority to implement the corporate sustainability strategy and manage its impacts in the economic, environmental, and social dimensions, in synergy with other corporate functions. The results of the sustainability development program are monitored and reported to the CEO on a monthly basis, implementing any corrective actions in case of deviations.

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

Luigi Gesaldi	Chair
Corrado Baldini	Standing Auditor
Massimiliano Fontani	Standing Auditor

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

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, Sustainability & Lean Development) and Business Departments (Sales & Marketing, Industrial, Research & Product Development, Aftermarket & Services) which are respectively responsible for defining commercial and marketing actions at a global level, coordinating industrial activities such as Engineering, Purchasing, Production, Logistics, defining and directing new product development processes and finally Aftermarket management.

The governance structure was strengthened with the introduction of an **Internal Audit** function, assigned the task of more efficiently assessing the adequacy and effectiveness of the internal control system and further calibrating the actions for the model's improvement.

EXTERNAL INITIATIVES, MEMBERSHIP IN ASSOCIATIONS

WE SUPPORT



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

Launched in 2000, the **United Nations Global Compact** is the world's largest strategic corporate citizenship initiative. It is followed by more than **18 thousand** companies in **160 countries** around the world, creating a new reality of global cooperation.

Among the initiatives organized to apply this commitment in practice, in 2022 Comer Industries participated in the Climate Ambition Accelerator program sponsored by the Global Compact. The program provides companies with the knowledge and skills needed to accelerate the science-based definition of initiatives and targets to contain the temperature rise to within 1.5°C in the medium term, moving them toward the net zero target by 2050.

Comer Industries adheres to the **EcoVadis** platform for the evaluation of its sustainability performance. EcoVadis is a global service active in more than **160 countries** and with more than **85 thousand** companies evaluated. In keeping with the principles of transparency, the Company shares evaluation results and improvement actions with stakeholders.



In 2022 EcoVadis updated its assessment of Comer Industries' sustainability performance in the dimensions of environment, labor and human rights, ethics, and sustainable procurement, awarding it a *silver* rating corresponding to a ranking in the top 25% of companies in the same sector evaluated worldwide.

Participation in the Global Compact and the related initiatives implemented in 2022 represent only the most recent step along a path toward reducing greenhouse gas emissions and protecting the environment that Comer Industries has been pursuing since 2015, with its adherence to the **Carbon Disclosure Project (CDP)** framework.



The project involves questionnaires that provide businesses, local authorities, governments, and investors with a comprehensive system of environmental measurement and reporting. There are currently **more than 10 thousand companies, cities, states, and regions** participating in CDP surveys on Climate Change, Water, Forests programs with the ultimate goal of building a global economic system that is attentive to environmental sustainability.

In 2022 the Company participated in the Climate Change program, receiving a grade of C on an A-D scale, in line with the industry average. In addition to constituting and underscoring the commitment and assumption of responsibility in combating climate change, the climate disclosure is being progressively aligned with the **TCFD Recommendations** (see the section *Environment | Climate change and emissions management*).



RESPONSIBLE BUSINESS MANAGEMENT

THE RISK CONTROL MODEL AND COMPLIANCE

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

The Code of Ethics – The Code of Ethics and Conduct (*Code of Ethics*) is the foundation of the control model and underscores the principles underlying all Company activities: integrity, transparency, respect, legality, and confidentiality. The Code of Ethics also defines the standards of conduct to be observed by all collaborators and prohibited behavior, with particular reference to areas where there is a potential risk of committing a crime. It was updated in 2021 in order to make the model of rules and the principles of conduct consistent with the regulations and with the most advanced standards of reference.

The Code of Ethics applies to all Companies of the Group, consistent with the laws and regulations in force in each country, and is available on the 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 the Company.

The governance structure envisages separate 231 Models for the three Italian Companies.

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

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

In this regard, the risk assessment¹² of sensitive processes within the Group was consolidated in 2022, based on the Global Compact guidelines. The objective is to shed light on the main risk areas requiring preventive rules and training.

During 2022, as in previous years, there were no episodes of corruption ascertained or reported to the Supervisory Body that involved employees or directors of Comer Industries.

12 - With regard to the scope of the Company Comer Industries S.p.A., with 41% coverage. In 2023 it will be extended to the other Companies.

Company procedures - Other elements of the control system include the procedures governing operations in compliance with the principles of transparency and truthfulness and applicable European or national regulations. Relevant guidelines, defined and approved by the Board of Directors, have been formalized in the *Procedure for related party transactions*, the *Procedure for internal dealing*,¹³ and the *Procedure for handling inside information*.

During the reporting year, no incidents occurred and no proceedings or legal action were initiated against the Company regarding violations of free competition, monopolistic practices, antitrust.

The 231 Model, Anti-Corruption Policies and Corporate Procedures can be found at [Comer Industries / Governance / Corporate Procedures](#).

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

COMER INDUSTRIES SPA		COMER INDUSTRIES COMPONENTS SRL		WALTERSCHEID MONGUELFO SPA	
Tommaso Rotella	Chair	Luca Mazzei	Chair	Carlo Bertacchi	Chair
Luca Mazzei	External member	Antonio Lattarulo	Internal member	Antonio Lattarulo	Internal member
Antonio Lattarulo	Internal member				

Compliance Management and Auditing - For the Company, the culture of integrity and compliance is a key factor for solid and lasting success. With the belief that compliance is not just an obligation to be met but an opportunity to create sustainable value, compliance management has been fully integrated into the corporate culture and organizational models. An effective management system enables proactive governance of compliance and deadlines related to mandatory and contractual requirements, applicable regulations, and organizational standards. In addition to reducing sanction and business continuity risks, the measures taken enable transparent evidence of compliance - and thus good corporate governance - to all stakeholders.

To this end, Comer Industries has developed management models that also use digital tools modeled on its processes. The goal is to analyze compliance obligations to anticipate critical issues, monitor compliance execution, and evaluate performance. In fact, the Company employs a system for monitoring compliance with the requirements required by all applicable laws and regulations regarding the environment and safety in the workplace, with particular reference to the provisions contained in Legislative Decree 152/2006 (Consolidating Act on the Environment) and Legislative Decree 81/2008 (Consolidating Act on the Safety at Work).

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

These tools also allow for the incorporation of new and updated developments in the applicable regulatory framework. The Company also uses qualified sources and newsletters with updates on other compliance issues (privacy, 231 model, product regulations).

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

During FY2022 there were no significant instances of noncompliance with laws or regulations or events that resulted in sanctions.

As of the date of this writing, there have been no substantiated complaints regarding breaches of customer privacy and loss of customer data.

Whistleblowing – As required by Article 2 of Law 179/2017, and in keeping with the requirements of European Directive 2019/1937 on whistleblowing, communication channels are available to report actions or conduct in conflict with the Company's Code of Ethics, policies, procedures, or legal requirements, preserving the whistleblower's data protection rights.



THE INTEGRATED MANAGEMENT SYSTEM

After the acquisition of Walterscheid Powertrain Group in 2022, a wide-ranging effort was initiated to progressively integrate the companies' operations into a single framework of common procedures and rules. These efforts are part of a process started by Comer Industries in 2017 and aimed at implementing an **Integrated Management System** with increasing effectiveness.

Procedures, operational tools, methods, and actions for managing quality, sustainability, information security, and compliance converge in the system, placing risk management and process simplification at the foundation of the model.

The goal is to further consolidate a multidisciplinary risk-based management model that is integrated into the business and able to respond effectively to rapid changes in the environment and to exploit synergies in business processes, supporting simplification and efficiency.

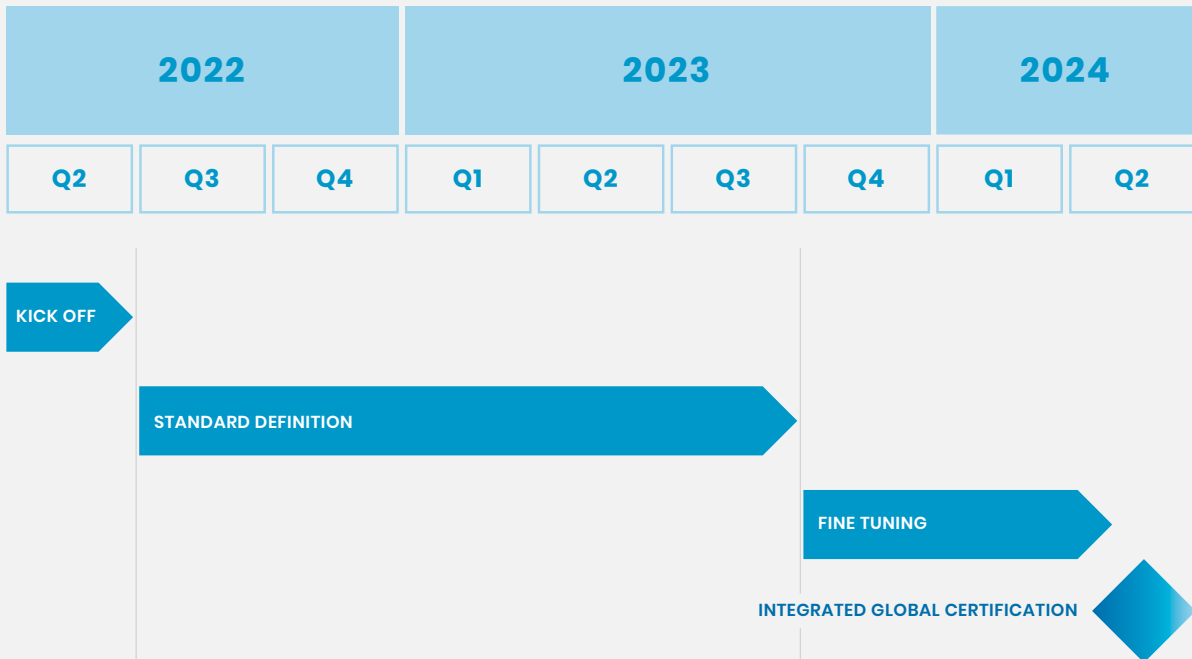
THE ROAD MAP OF THE INTEGRATED MANAGEMENT SYSTEM

In 2020, the first milestone of third-party certification of the Integrated Quality, Health and Safety and Environmental Management System in the Comer Industries perimeter.

In 2021, the extension of the System to all locations – including commercial branches – was completed and the process of integrating cybersecurity management was initiated.

One year later, the management model was harmonized with the system of procedures governing issues pertaining to corporate compliance, including personal data protection and product regulations (e.g., REACH, RoHS).

Following the acquisition of Walterscheid Powertrain Group in 2022, an effort was initiated to integrate the companies' operations into a single framework of common procedures and rules.



The project is being developed over a period of about two years and involves a series of actions to analyze and define common standards based on a prioritization of the Company's strategic objectives. The horizon for completing the process and achieving integrated third-party system certification is set for mid-2024.

It is an ambitious initiative considering the extreme breadth of the production layout spanning three continents, and the number of people involved.

Comer Industries is committed to further increasing the effectiveness of the management system with specific actions. With regard to performance, the Quality, Sustainability & Lean Development function identifies not only the most suitable indicators based on business processes and the organizational model, but also sets specific quantitative targets to be achieved by individual sites each year based on the previous year's results and overall strategies. Therefore, each site draws up an improvement plan setting out objectives, resources and responsibilities, the progress of which is monitored in detail during the year.



THE POLICIES

Integrated Quality, Sustainability, and Product Responsibility Policy – The Integrated Quality, Sustainability, and Product Responsibility Policy makes explicit the commitment to pursuing goals of sustainable development and value creation for stakeholders.

Revised in 2022 to bring it in line with the new consolidation scope with the acquisition of Walterscheid Powertrain Group, the Policy aims to define the general framework within which the improvement goals the Company intends to pursue in the areas of quality and sustainability are set.

THE GOALS OF THE INTEGRATED POLICY

- Risk reduction
- Simplification of processes
- Assurance and evidence of compliance
- Prevention of injuries during the production or use of the product
- High levels of product quality and reliability
- Reduction of energy consumption and CO₂ emissions related to Company processes
- Reduction of the social and environmental impacts of products from a life-cycle perspective

The new Policy also assimilated the previous Policy on minerals from conflict areas (conflict minerals). Known as 3TG for short, conflict minerals are tantalum, tin, tungsten, and gold and are reported in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

With this Policy, the Company is committed to selling products that have a positive impact not only environmentally but also socially, upstream and downstream of the value chain. In fact, the document outlines measures to procure these materials from non-conflict zones in accordance with regulations.

The Integrated Quality, Sustainability and Product Responsibility Policy is available on the website under [Comer Industries | Our Commitment](#).

Integrated Information Security Policy – In 2022, Comer Industries updated and extended its Integrated Information Security Policy to its new scope, confirming its commitment to protect data, information and consequently the systems that process them, especially those of strategic importance for the Company's business, with security measures commensurate with their value and their risks.

In 2022 the Company continued to provide training, including through the extensive use of digital platforms, to foster the dissemination and implementation of the Policy, along with awareness of the strategic value of data and the impact of conduct.

The Information Security Policy is available on the website under [Comer Industries – Our Commitment](#).

Integrated Human Rights Policy – The Integrated Human Rights Policy is in line with relevant international standards the Company adheres to, such as the *Universal Declaration of Human Rights* and the *Ten Principles of the Global Compact*.

The definition of the Policy completes a risk analysis conducted on the internal processes of the Group's Italian and foreign offices and also extended to the main partners the Company works with, especially with regard to certain sensitive areas (see the section [People | Human rights](#)).

The Integrated Human Rights Policy is available on the website under [Comer Industries | Our Commitment](#). No cases or episodes of violation of human rights occurred in Group Companies.

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

The Integrated Diversity and Inclusion Policy is available on the website under [Comer Industries | Our Commitment](#).

RISK MANAGEMENT

With a view to continuous improvement, Comer Industries has adopted a risk management model inspired by the **ISO 31000:2018** standard.

With this in mind, in 2022 the Company further consolidated the method aimed at identifying and assessing risks and progressively applied it to various assessment areas and business processes. The goal is to implement a comprehensive Enterprise Risk Management model in the short term.

The process is formalized in a specific procedure and coordinated by the Quality, Sustainability & Lean Development function, in synergy with the other functions supporting the BoD in decision-making processes, the Board of Statutory Auditors, the SB and the Audit Firm. The risk management model was adopted consistent with the Risk Management material topic resulting from the materiality analysis.

PROCEDURE FOR IDENTIFICATION AND ASSESSMENT OF RISKS

- **Analysis of the context** – The internal and external issues and the stakeholders are defined for each context dimension and for each primary process.
- **Identification of risks and opportunities** – Based on the relevant issues, needs and expectations of involved stakeholders, possible events are identified, the consequences of which could prevent, hinder, or delay the achievement of objectives (risk) or promote, increase, accelerate the achievement of objectives (opportunities).
- **Assess risks and opportunities** – The risk is assessed by combining the extent of the impact with the probability of its occurrence. The 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 its duration. The risk matrix is the tool for assessing and recording risks and opportunities.
- **Risk and opportunity treatment** – Each level of risk/opportunity corresponds with a priority of intervention and relative treatment. Each action is linked to a manager and a completion date.
- **Monitoring and review** – The plan is periodically monitored to verify the closure of the actions within the pre-established times and to identify any changes in the identification or assessment of the risks and opportunities due to changes in the context.

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

The Company also applies the **precautionary principle**. Introduced in 1992 at the United Nations Conference on Development and Environment, the principle states that *"In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."*

Regarding the risk management strategy, the application of the precautionary principle involves a prior assessment of potential adverse environmental and social effects, which could result from strategic decisions or choices related to products and processes. In the event of risk of serious or irreversible damage is identified, the adoption of appropriate and effective measures, also in relation to the benefits and costs, aimed at preventing or mitigating the negative impacts must be evaluated.

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

MANAGEMENT APPROACH

In addition to quality, environment, and security, the assessment now includes information security, anti-corruption, human rights compliance, and finally climate change risks by applying a common weighting and ranking method. For some specific processes such as product development or supplier selection, systematic risk assessment steps have been incorporated into the standards of reference as the basis for decision making.

In summary, or with specific cross-references in the document or to the Company website, the following table shows how the main risks identified are managed, as well as the strategies, policies, and action plans implemented as a safeguard against risks. The reported disclosures also include the consistency of the risk with the underlying material topic of the NFS.

AREA / RISK DESCRIPTION	UNDERLYING MATERIAL TOPIC	MANAGEMENT APPROACH
STRATEGIC		
Climate change: risks related to the transition or physical risks.	Effective and efficient energy management. Emissions and climate change. Supply chain sustainability and responsibility. Generation and distribution of value.	See section <i>Environment / Climate change and emissions management</i> .
Cybersecurity: cyber attacks with loss or dissemination of strategic data.	Security of personal data and information. Generation and distribution of value. Business continuity. Digitization.	Information security management included in the Integrated Management System. Specific risk assessment based on the context and business processes with actions implemented based on a priority scale.
Sociopolitical risks related to social, political, and economic instability in the countries where the Group operates or sells its products.	Ethics and integrity in business. Human rights and fair labor practices. Compliance. Supply chain sustainability and responsibility. Business continuity. Generation and distribution of value.	Monitoring of the evolving socio-political-economic environment and worst-case assessment of impacts along the value chain and compliance. Specific risk mitigation actions.
COMPLIANCE		
Privacy: loss or disclosure of the personal data of employees or other stakeholders in violation of Regulation EU 269/2016 and Legislative Decree 101/2018.	Security of personal data and information. Compliance. Ethics and integrity in business. Generation and distribution of value. Digitization.	Information security management included in the Integrated Management System. Specific risk assessment based on the context and business processes with actions implemented based on a priority scale. Digital system for managing personal data and the impacts of context and regulatory changes. Analytical performance measurement tools.

Risks related to corruption in violation of the Code of Ethics and Legislative Decree 231/2001 on corporate administrative liability.	Ethics and integrity in business. Compliance.	Specific risk assessment based on the context and business processes with actions implemented based on a priority scale.
Risks related to the violation of human rights in Company operations or by Company stakeholders.	Ethics and integrity in business. Compliance. Human rights and fair labor practices.	Specific risk assessment based on the context and business processes with actions implemented based on a priority scale.
Risks related to violations of international trade regulations, including restrictions and sanctions applied with respect to the socio-political environment.	Ethics and integrity in business. Compliance. Human rights and fair labor practices.	Objective and subjective evaluations of products sold and business partners, with relevant updates based on regulatory developments.
OPERATIONAL RISKS		
Negative social and environmental impacts of the product downstream of the supply chain.	Product/service innovation. Product quality and safety. Environmental impact of products.	Design solutions aimed at reducing environmental impacts and maximizing safe use. Systematic evaluation of product failures before production. Specific requests and evidence relating to product compliance at the same time as the component validation procedure.
Injuries to personnel inside and outside the Company.	Occupational health and safety. Human capital and employee welfare.	Integrated Health and Safety Management System. Specific procedures for contracted suppliers and visitors. Procedures for traveling staff.
Working environment: demotivation, stress, attracting and retaining talent.	Training and staff development. Human capital and employee welfare. Diversity and equal opportunities.	Continuous training processes and specific paths - Comer Academy. Structured performance evaluation and feedback systems (ASC). Diversity and inclusion policy. Application of agile work in a structured form.
Supply chain: continuity and development of the supply chain.	Supply chain sustainability and responsibility. Ethics and integrity in business. Human rights and fair labor practices. Compliance. Business continuity. Environmental impact of products.	<i>Sustainability engagement.</i> Sustainability performance evaluation during qualification and mass production. Inclusion of sustainability criteria in Vendor Rating metrics. Due diligence to assess human rights compliance within the supply chain.
Risks related to the transition towards a circular economy - Resource scarcity.	Responsible use of water resources Responsible waste management.	Implementation of measurement systems, monitoring, targets and improvement actions regarding energy consumption, water withdrawals and waste generated, also in terms of the percentage of recycling.
FINANCIAL RISKS		
Market - Credit - Cash - Price and cash flow.	Generation and distribution of value.	Please refer to the relevant section in the Report on Consolidated Financial Statements at December 31, 2022.



BUSINESS CONTINUITY

The Company adopts practices to ensure business continuity, that is, the ability to continue to deliver products and services at predefined levels under emergency conditions: a strategic management process for operating in an increasingly interconnected world.

Specifically, a business continuity plan has been prepared with differentiated procedures and responsibilities depending on the type of emergency being dealt with and the characteristics of the operating sites. The cybersecurity risk assessment and related vulnerability mitigation actions help to avoid situations where production and systems come to a standstill.

On the business continuity front, in 2022 critical issues arose related to the procurement of raw materials and services and the associated increase in costs due both to the continuing pandemic and, more importantly, to the impact of the war in Ukraine with the associated massive increase in the cost of energy. Despite the complexity of this situation, the Company acted with pragmatism and flexibility to ensure the continuity of procurements and the supply to markets, resulting in growth in overall revenues.

FISCAL TRANSPARENCY

THE FISCAL APPROACH

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

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

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

Note that as of tax year 2022 and effective December 31, 2023, the Company is subject to the so-called country-by-country reporting rules defined in Article 1, paragraphs 145 and 146, of Law no. 208 of December 28, 2015, and Council Directive 2016/881/EU of May 25, 2016, amending Directive 2011/16/EU, as well as its implementing provisions. The results of compliance will therefore be the subject of next year's reporting.

TAX PLANNING

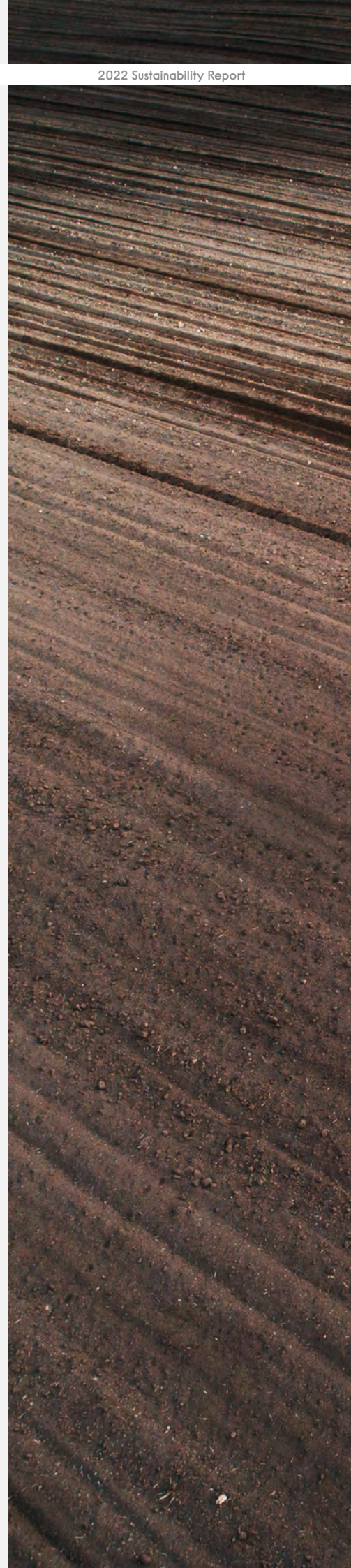
Consistent with the Company values and principles of the Code, the Company does not pursue tax planning strategies or schemes, nor does it engage in conduct or domestic or transnational operations that result in constructions that do not reflect economic reality and from which undue tax benefits can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

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

TAX MANAGEMENT AND RELATIONS WITH THE AUTHORITIES

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

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





CHAPTER 4





SUSTAINABILITY

ECONOMIC VALUE GENERATED AND DISTRIBUTED

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

In 2022 the economic value generated by Comer Industries amounts to 1,250.4 million euros (603.4 million euros in 2021) distributed for 91% to stakeholders. In detail, 157.1 million euros were distributed to employees, 916.4 million euros to suppliers for operating costs. Shareholders were distributed 21,5 million euros in the form of dividends. The retained economic value represents the difference between the economic value generated and distributed, includes the impact of the application of IFRS 2 and IFRS 16 and does not include the depreciation of tangible and intangible assets, provisions and deferred taxes.

ECONOMIC VALUE CREATED AND DISTRIBUTED (MILLION EUROS)	2020	2021	2022
Economic value generated	398.8	603.4	1,250.4
Suppliers - Operating costs ^A	299.3	461.5	916.4
Employees	54.7	68.8	157.1
Financial system	0.6	1.1	6.9
Public Administration	7.6	13.4	41.5
Shareholders ^B	10.2	14.3	21.5
Economic value distributed	372.4	559.1	1,143.4
Economic value retained	26.4	44.3	106.9

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

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

ECONOMIC VALUE DISTRIBUTED

2020



2021



2022



0 20 40 60 80 100

■ SUPPLIERS
 ■ EMPLOYEES
 ■ FINANCIALS.
 ■ P. ADMINISTRATION
 ■ SHAREHOLDERS

For further details on economic and financial aspects, please refer to the Consolidated Financial Statements at December 31, 2022.





INVESTMENTS

With the aim of pursuing a continuous strengthening of financial solidity, in 2022 the Company invested 33,9 million euros in tangible and intangible fixed assets acquired from third parties, net of internal capitalizations and excluding the impact of the IFRS 16 accounting standard.

Of particular note in this perspective is the commitment to renewing and upgrading the production machinery. As part of a specific multi-year plan, two new horizontal machining centers for the cast iron flow and a gear hobbing machining center came on line at the Reggiolo plant in Italy in 2022.

Also in Reggiolo, further investments were made to optimize production processes and logistics flows in assembly and painting. Specifically, a new semiautomatic assembly line equipped with digital and interconnected systems for production control came on line, and new vertical automated warehouses, fully integrated with factory logistics systems, were purchased.

In Monguelfo, two automated machining centers for processing steel components have gone into operation, and a measuring machine was purchased that is integrated with the machining centers and production management systems, providing the information needed to implement a closed, automated control cycle. Overseas plants also underwent numerous renovations and production efficiency upgrades during the reporting year.

At the Jiaxing plant in China, investments were made in masonry and general plant construction related to the expansion of the production facility. Semi-automatic assembly lines to produce industrial axles and agricultural gearboxes and a new vertical warehouse were also installed.

A production plant was built in India with related investments in masonry and general plant engineering related to the industrialization of processes.

Various projects were also completed in the production areas of the German plants: of particular note is the commissioning of an automated machining center for working steel components at the Sohland site. Areas equipped with dual charging stations for electric cars were also built on the Company's premises.

In the area of Digital Transformation, in light of the new acquisitions in 2022, several projects were launched to standardize and integrate the Group's processes. The connection of all major offices via a single geographical network using SD-WAN technology was also completed, and Office Automation services were consolidated into a single environment, facilitating communication and data exchange among employees. Finally, the ERP implementation project began, including providing for integration with the new Industry 4.0 work centers and automated warehouses and extending CRM functionality to the new scope. On the cybersecurity front, plans are underway to homogenize and extend the security measures already successfully implemented within Comer Industries to the entire new scope.

CHAPTER 5





PERSONNEL MANAGEMENT AND DEVELOPMENT POLICIES

Comer Industries has adopted a people management style focused on valuing experience. Each employee is encouraged to be proactive and get involved, cultivating responsibility in their work and turning ideas into concrete actions. The Company promotes the development of people both through training, which is transformed into expertise, and by objectively recognizing the individual and team results and merits, which become personal and professional growth. The Company applies these principles by committing to ensuring respect for the rights of employees and promoting an open and inclusive working environment: an environment where people can best express their skills, enthusiastically taking on professional challenges to achieve the Company's objectives.

In 2022, integration between the two companies triggered a series of initiatives aimed at people recognizing Comer Industries and Walterscheid Powertrain Group as a single company capable of pursuing excellence by developing the skills of its human capital.

To achieve this important goal, in the first months after the acquisition the Company introduced an integrated organizational structure, with the renewed functions consisting of people from both scopes. This was geared toward fostering synergy in organizational processes while nurturing a sense of belonging and engagement in achieving common goals.

The presentation of the new integrated structure was the subject of the first worldwide videoconference meeting held in April 2022 from Walterscheid Powertrain Group's headquarters in Lohmar, Germany, involving 750 employees, with the aim of sharing the first results of the integration. The event was followed by a second presentation held in Italy in May 2022 at the Reggiolo site, involving 100 employees.

The next step in the integration process was to share and extend procedures and best practices within the Group, while respecting the particular regulations and labor laws in the various regions.

As part of the integration process, among the first policies that were deemed important to share was the Teleworking Policy that had been implemented in Comer Industries during 2021, thus giving agile work a structure that made it possible to continue operations despite the emergency measures related to the spread of Covid-19.

Globally, the average percentage of teleworking hours worked by eligible individuals was about 17%. The significance of the figure should be considered taking into account the strong impact on the overall operations of the production operations, or otherwise necessarily requiring in-person presence at the sites, and then reportioned based on the categories of employees who meet the requirements.

The measure is intended to strengthen work-life balance by providing greater flexibility and autonomy while respecting tasks and goals. The initiative has also ensured savings in terms of time and costs associated with commuting at a time when fuel costs are increasing, and a reduction in the environmental impact generated by reducing CO₂ emissions.

In accordance with the labor laws of each country, in 2022 the Company also continued to pursue this goal of reconciliation by accommodating requests for part-time work and temporary hourly flexibility whenever possible, especially in cases of maternity/paternity or contingent hardship situations. Also in 2022 at Comer Industries Italy the Time for You initiative was reintroduced, ensuring a number of Company closing days close to the weekend during the summer.

In the new scenario, the Company's focus on and development of people has remained unchanged, striving to create an environment and culture capable of attracting and developing the best talent. The goal is to contribute to individual and organizational growth by providing opportunities that meet each individual's personal and professional needs and expectations.

Capitalizing on its values and corporate culture, both onboarding and offboarding are also used for employees who decide to pursue career paths within or outside the Group.

The structured, step-by-step **onboarding** program facilitates the entry of new hires, creating a climate of trust that positively influences their sense of belonging and performance. The process takes the form of induction plans aimed at familiarizing new resources with the Company's overall organization, culture, values, and expectations from the outset. The process differs according to the position filled. For white collar workers, the induction plan consists of one-on-one meetings with key Company personnel and alternates between mentoring by the manager and mentoring by more senior co-workers. For blue collar personnel with production duties, the **Manufacturing Training System** is followed, which provides general training on workplace safety and specific training on the task they are assigned to.

The Company also encourages **international mobility** as a tool for personal and professional growth through internal job posting systems worldwide, managed through a staff announcement system. On the one hand, internal job announcements offer employees the opportunity to grow professionally in the Company, with a positive impact on motivation and retention. On the other hand, it enables international mobility, with positive effects on cultural exchange and sharing of operating methods, also with a view to global integration.

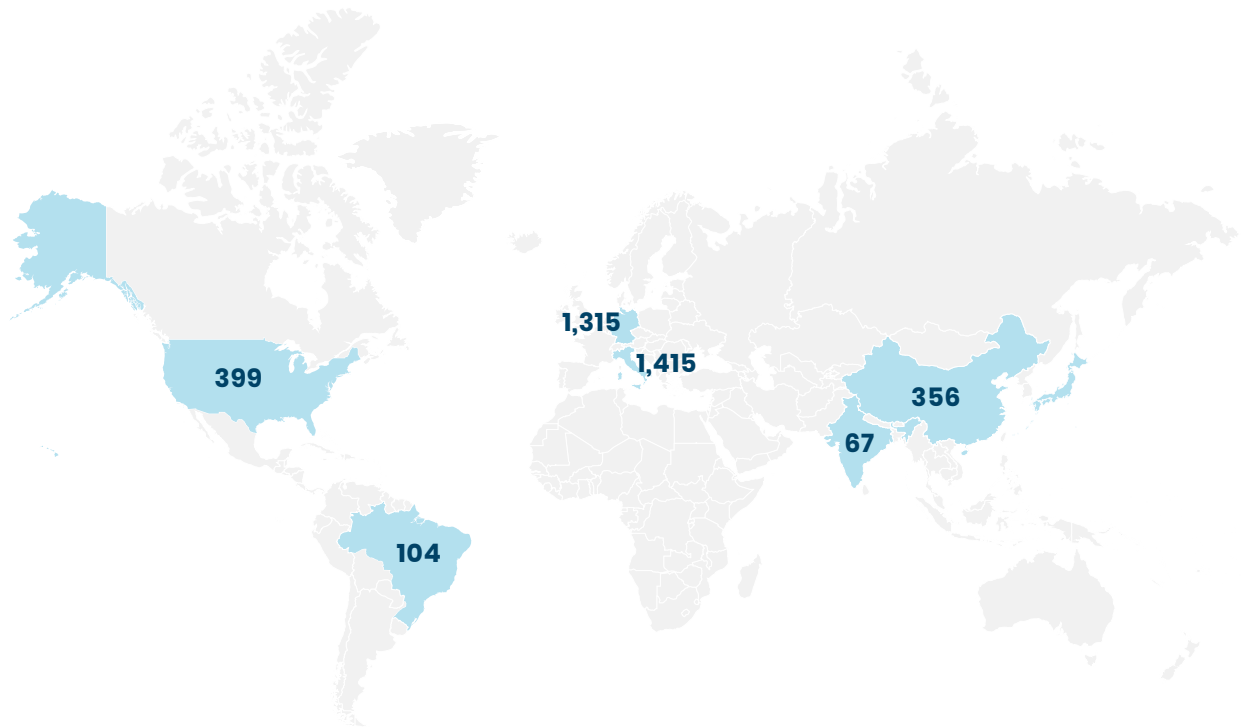
Through such internal moves, people gain additional experience in different business areas outside their region, thus creating a pool of professionals with cross-cutting skills who can understand changes and be proactive players in the ongoing integration process.

The Company also demonstrates constant attention to human resources by fostering a work environment that promotes job stability, including constructive dialog with union representatives where present. In accordance with the various laws of the countries it operates in, the Group applies collective bargaining when applicable. To date, 51% of the workforce is covered by a collective agreement. For the remainder, working conditions and terms of employment are not affected or determined on the basis of other collective agreements.

THE PEOPLE OF THE GROUP

As of December 31, 2022, Comer Industries' total workforce is **3,808 people**, including 565 outsourced workers hired to meet seasonal production needs.

The majority of the Company's workforce is concentrated in Italy and Germany (72%), where the Group's most important production plants are located (Reggiolo, Lohmar, and Sohland), the United States (10%) and China (9%), while the remaining share of the workforce (8%) is distributed among the production plants in India and Brazil and the service centers.



DISTRIBUTION OF EMPLOYEES BY EMPLOYMENT CONTRACT¹⁴

The trend of employees hired with fixed-term contracts shows values in line with the distribution in 2020. On a like-for-like basis with respect to 2021, the increase already shown in previous reporting continues as a result of the need to pursue the flexibility that the macroeconomic environment requires (19% versus 16% in 2021). The gender distribution shows values aligned with previous years, confirming the typical characteristics of the industry and the work done.

14 - See [Appendix | People](#) for details on outsourced workers



	2020				2021				2022 C				2022			
	F	M	Tot	%	F	M	Tot	%	F	M	Tot	%	F	M	Tot	%
Fixed term	11	111	122	11%	12	166	178	16%	23	190	213	19%	37	354	391	12%
Permanent	123	898	1,021	89%	107	852	959	84%	103	823	926	81%	320	2,532	2,852	88%
Total	134	1,009	1,143	100%	119	1,018	1,137	100%	126	1,013	1,139	100%	357	2,886	3,243	100%
% of Total	12%	88%	100%	-	10%	90%	100%	-	11%	89%	100%	-	11%	89%	100%	-

Geographically,¹⁵ the proportion of fixed-term contracts in China is related to the specific dynamics of new hires' induction, which involves a preliminary fixed-term phase before confirmation.

	2020					2021					2022 C					2022				
	IT	DE	US	CN	RW	IT	DE	US	CN	RW	IT	DE	US	CN	RW	IT	DE	US	CN	RW
Fixed term	2	0	0	114	6	2	-	-	167	9	4	-	-	199	10	17	158	0	199	17
Permanent	896	1	31	60	33	838	-	30	54	37	843	-	30	15	38	1,024	1,082	362	126	258
Total	898	1	31	174	39	840	0	30	221	46	847	0	30	214	48	1,041	1,240	362	325	275
% of Total	79%	0%	3%	15%	3%	74%	0%	3%	19%	4%	74%	0%	3%	19%	4%	32%	38%	12%	10%	8%

15 - Data from previous years were restated in light of the new geographical breakdown.

DISTRIBUTION OF EMPLOYEES BY TYPE OF EMPLOYMENT

In 2022 there were no substantial changes in terms of the ratio between full-time and part-time workers compared to the previous year.

	2020				2021				2022 C				2022			
	F	M	Tot	%	F	M	Tot	%	F	M	Tot	%	F	M	Tot	%
Full-time	115	1,003	1,118	98%	103	1,014	1,117	98%	111	1,009	1,120	98%	310	2,873	3,183	98%
Part-time	19	6	25	2%	16	4	20	2%	15	4	19	2%	47	13	60	2%
Total	134	1,009	1,143	100%	119	1,018	1,137	100%	126	1,013	1,139	100%	357	2,886	3,243	100%

	2020					2021					2022 C					2022				
	IT	DE	US	CN	RW	IT	DE	US	CN	RW	IT	DE	US	CN	RW	IT	DE	US	CN	RW
Full-time	873	1	31	174	39	820	-	30	221	46	828	-	30	214	48	1,018	1,210	362	325	268
Part-time	25	-	-	-	-	20	-	-	-	-	19	-	-	-	-	23	30	-	-	7
Total	898	1	31	174	39	840	0	30	221	46	847	0	30	214	48	1,041	1,240	362	325	275
% of Total	79%	0%	3%	15%	3%	74%	0%	3%	19%	4%	74%	0%	3%	19%	4%	32%	38%	12%	10%	8%



EMPLOYEE TURNOVER

In 2022 493 people were hired (108 people with the same scope as 2021) compared to 439 who left (106 with the same scope as 2021), with an entry rate of 15% compared to the exit rate of 13%. This dynamic stabilization of the business organization was driven in large part by the streamlining of the business functions and underlying processes as a result of the integration.

	2020			2021			2022 C			2022		
	F	M	Tot	F	M	Tot	F	M	Tot	F	M	Tot
Hired employees	9	63	72	10	129	139	22	86	108	79	414	493
Hired employee rate	1%	4%	5%	1%	11%	12%	2%	8%	10%	2%	13%	15%
Terminated employees	20	108	128	24	134	158	14	92	106	69	370	439
Terminated employee rate	1%	8%	9%	2%	12%	14%	1%	8%	9%	2%	11%	13%

	2020				2021				2022 C				2022			
	<30	31-50	>50	Tot	<30	31-50	>50	Tot	<30	31-50	>50	Tot	<30	31-50	>50	Tot
Hired employees	51	19	2	72	77	59	3	139	63	41	4	108	197	234	62	493
Hired employee rate	4%	1%	0%	5%	7%	5%	0%	12%	5%	4%	1%	10%	6%	7%	2%	15%
Terminated employees	59	45	24	128	44	72	42	158	38	50	18	106	127	182	130	439
Terminated employee rate	4%	3%	2%	9%	4%	6%	4%	14%	3%	4%	2%	9%	4%	6%	4%	14%

	2020					2021					2022 C					2022				
	IT	DE	US	CN	RW	IT	DE	US	CN	RW	IT	DE	US	CN	RW	IT	DE	US	CN	RW
Hired employees	15	-	-	45	12	39	-	-	87	13	66	-	4	29	9	98	120	131	58	86
Hired employee rate	1.3%	0.0%	0.0%	3.9%	1.0%	3.4%	0.0%	0.0%	7.7%	1.1%	5.8%	0.0%	0.4%	2.5%	0.8%	3.0%	3.7%	4.0%	1.6%	2.7%
Terminated employees	54	3	1	56	14	99	-	-	48	11	57	-	4	38	7	99	88	124	62	66
Terminated employee rate	4.7%	0.3%	0.1%	4.9%	1.2%	8.7%	0.0%	0.0%	4.2%	1.0%	5.0%	0.0%	0.4%	3.3%	0.6%	3.1%	2.8%	3.8%	1.9%	2.2%

DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

Based on the Integrated Policy on Diversity and Inclusion (see section *Governance / Responsible business management*), the Company has decided to embark on a medium-term path directed toward the creation of an inclusive environment that promotes the uniqueness of people, flanked by projects that can create a positive social impact beyond the Company's borders.

The action aims to protect and encourage diversity as an engine of action that can increase the variety of perspectives, creating the best working conditions. So that everyone can feel free to express their ideas and contribute to generating value, the Company is committed to ensuring propriety and equity in professional relations and to countering all forms of discrimination – direct or indirect – and intolerance through its leadership style and evaluation methods. Discrimination on the basis of gender, age, sexual orientation, disability, nationality, political opinions, and religious orientations is not permitted at any site, production setting, in any area of the Company, or at any stage of the employment relationship, including the processes of selection, role assignment, performance appraisal, promotion, career advancement, compensation, or termination of employment.

The actions that the Company develops to achieve these goals involve different areas of intervention: from training (e.g., with initiatives such as the collaboration with Valore D, see the section *People / Training in the Company*) to territory development (see section *Unconventional makers: the Comer Industries model / Territory development*) to personnel evaluation and compensation policies (see section *People / Performance evaluation and compensation policies*).

An integral and concrete part of this commitment are also the actions aimed at enforcing the principles and rules expressed in the Code of Ethics at all levels through preventive procedures and whistleblowing.

As evidence of the effectiveness of the measures taken, no cases and/or incidents of discrimination were reported in Group Companies in 2022.

DISTRIBUTION OF EMPLOYEES BY CATEGORY

As in 2021, the distribution of qualifications shows a composition typical of the industry the Company operates in, with a strong prevalence of blue collar workers dedicated to production compared to white collar office workers.

There are no significant changes in the distribution by qualification and gender, with the exception of a general increase in the Worker and Manager categories, especially women.

The merger of the two businesses has also resulted in a change in the age distribution of employees, with an increase in the population in the 50-plus age group.

	2020			2021			2022 C			2022		
	F	M	Tot	F	M	Tot	F	M	Tot	F	M	Tot
Executives	0.10%	0.50%	0.60%	0.10%	0.50%	0.60%	0.10%	0.50%	0.60%	0.10%	0.20%	0.30%
Managers	0.30%	3.80%	4.10%	0.40%	4.10%	4.50%	0.40%	4.60%	5%	1%	6.20%	7.20%
Professionals	8.30%	32.80%	41.10%	7.70%	32.40%	40%	8.30%	31.30%	39.60%	7.30%	22.50%	29.80%
Worker	3.00%	51.10%	54.10%	2.40%	52.50%	54.90%	2.40%	52.40%	54.80%	2.60%	60.10%	62.70%
Total	12%	88%	100%	11%	89%	100%	11%	89%	100%	11%	89%	100%

	2020			2021			2022 C			2022		
	<30	31-50	>50	<30	31-50	>50	<30	31-50	>50	<30	31-50	>50
Executives	-	0.30%	0.30%	-	0.30%	0.40%	-	0.30%	0.40%	-	0.10%	0.20%
Managers	0.30%	3.00%	1.00%	0.20%	3.10%	1.20%	0.20%	3.40%	1.40%	0.20%	4.10%	2.90%
Professionals	8.30%	23.10%	9.70%	6.70%	22.80%	10.60%	6.50%	21.90%	11.20%	5.20%	14.20%	10.60%
Worker	9.50%	30.30%	14.30%	11.20%	30.50%	13.20%	10.40%	30.10%	14.30%	11.30%	30.30%	20.90%
Total	18%	57%	25%	18%	57%	25%	17%	56%	27%	17%	49%	34%

PERFORMANCE EVALUATION AND COMPENSATION POLICIES

In an effort to develop professional skills, the Company applies a structured employee performance management system based on quantitative and qualitative targets, supported by specifically designed information tools.

With regard to the white-collar population, at the beginning of each year managers assign and discuss measurable and challenging goals (professional, economic, and personal development) with each resource and make an accurate assessment of organizational conduct in order to align the person's performance with the Company's strategic priorities and the targets of the functions they belong to. Interim feedback throughout the year allows managers to assess progress with respect to the goals set at the beginning of the year and to consider assigning new targets in response to contingent priorities. Indeed, there is provision for the development of individual evaluations that can be compared and used for resource planning and development, so as to give timely feedback to employees and create a constructive dialog between manager and employee.

In 2022 the Performance Management process involved 22% of the employees.

The Human Resources function is responsible for and guarantor of the entire process. Based on the performance achieved and in accordance with Company guidelines, it coordinates the structured compensation and reward policies in each country, ensuring the proper application of the process. Compensation policy looks at equity in its three dimensions: internal, individual, and external. Internal equity is defined as the relationship between the salaries of people performing similar jobs but with different job seniority and degree of role coverage. Individual equity concerns the person's wage level in relation to skills and responsibilities, while external equity concerns the distribution of wages with respect to the market, industry, and geographical area.

The compensation system consists of annual incentive programs (MBOs) and a structured annual salary review (initiated in October) unique to all Group locations. Remuneration policies are complementary to the benefits provided by national collective bargaining and related supplementary contracts.

Also in 2022, the Company gave out **Company Awards**, celebrating projects and people who distinguished themselves in making key contributions to achieving the Company's goals. Therefore, in December awards were handed out to the best projects and the people who managed them from among all the employees in the world who best embodied the Company's values.

During 2022, aware of the impact of inflationary pressures on the daily lives of employees' families, the Company also decided to allocate a **bonus** of one million euros to employees in all locations around the world through the provision of benefits or monetary sums according to the specific characteristics of the various countries.



THE RATIO BETWEEN WAGES

The gender differential of average salaries for important sites¹⁶ shows substantially aligned values in EMEA and a more significant gap in the United States. In all areas, the lowest differentials are in the Worker category.

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

	2021			2022 C			2022		
	F	M	PAY GAP	F	M	PAY GAP	F	M	PAY GAP
IT									
Executives + Managers	96,140	112,477	16,337	90,219	119,432	29,213	90,219	105,055	14,837
Professionals	36,272	41,778	5,505	37,811	42,814	5,003	37,777	42,643	4,867
Worker	25,712	27,300	1,587	25,991	27,796	1,805	25,835	27,304	1,469
Total	34,806	37,354	2,548	35,823	38,409	2,587	35,282	37,033	1,751
DE									
Executives + Managers	-	-	-	-	-	-	91,004	103,181	12,177
Professionals	-	-	-	-	-	-	60,943	65,338	4,395
Worker	-	-	-	-	-	-	47,331	49,055	1,724
Total	-	-	-	-	-	-	63,301	56,875	-6,426
US									
Executives + Managers	-	214,192	214,192	-	182,907	182,907	93,234	116,593	23,359
Professionals	82,213	89,285	7,071	90,950	97,786	6,836	69,099	87,626	18,527
Worker	-	40,605	40,605	-	45,623	45,623	44,934	50,270	5,336
Total	35,909	39,129	3,221	90,950	89,551	-1,399	62,189	66,538	4,349

Over the years and with the stabilization associated with the new scope consolidated in 2022, there was a significant reduction in the ratio of total pay and increments.

	2021			2022 C			2022		
	MAXIMUM ^A	MEDIAN	RATE	MAXIMUM ^B	MEDIAN	RATE	MAXIMUM ^B	MEDIAN	RATE
Total annual employee compensation (in thousands) ^A	310.843	28.393	10.95	330.24	29.006	11.39	330.24	43.181	7.65
Percentage increase in total annual employee compensation	-	-	-	33.74%	1.11%	30.40	33.74%	4.23%	7.98

A - When calculating total annual remuneration, gross annual remuneration, allowances, fringe benefits, and individual target achievement awards are considered. Values expressed in €k.

B - The population of employees as of December 31, 2022 was considered for the calculation of the maximum total annual salary and the corresponding percentage increase. Note that the numerator did not include the person receiving the highest salary, including all employees as reported in the 2-7 disclosure. In fact, the salaries of members of corporate bodies were not considered.

HUMAN RIGHTS

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

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

In 2022 the risk assessment¹⁷ of sensitive processes within the Group was consolidated based on the Global Compact guidelines, spotlighting the main risk areas to focus preventive measures and training on. In this regard, internal processes at the production sites located in Italy and abroad, with particular attention on the areas of India and China, were analyzed through interviews and document and field audits. Moreover, human rights due diligence involving the entire supply chain was conducted.

HUMAN RIGHTS DUE DILIGENCE

*The process implements the requirements contained in one of the most advanced pieces of legislation on the subject, the **Supply Chain Act** issued by the German legislature and in force since 2023. Extended to nearly 400 suppliers in various geographic areas, due diligence was then used to conduct a risk assessment of potential human rights violations.*

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

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

The extension of due diligence to a broader swath of suppliers is currently underway, and in parallel the development of a plan to mitigate the identified – albeit insignificant – risks that will be implemented during 2023.

The results of this activity and the Company's commitment to implement a concrete human rights program are expressed in the Integrated Human Rights Policy (see section *Governance | Responsible business management*), defined and published in 2022.

17 - With regard to the scope of the Company Comer Industries S.p.A., in 2023 it will be extended to the other Companies.

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

INTERNAL COMMUNICATIONS

For an international company with offices all over the world, internal communications assume a major role not only in keeping the entire workforce united and informed, but also and especially in strengthening the sense of belonging. Especially after the acquisition and integration of Walterscheid, the dissemination of common corporate communications became essential.

Thanks to the main internal communication tools, such as the **corporate intranet, the app and the digital signage systems**, content is constantly published aimed at updating and informing all employees on the Company's performance. Storytelling about initiatives that the organization takes part in and announcements about organizational news and new additions make internal communications a strategic lever of engagement for all employees, creating intangible value in terms of motivation, involvement, and shared Company values. Internal **collaboration** tools also go in this direction, fostering information exchanges and collaboration (just as the name given to these platforms implies) among people located in various global locations working on the same projects, improving each employee's experience.

Internal communications are therefore indispensable for the development of the Company image and identity, which, starting with one's own people, reaches outward to all other stakeholders.



TRAINING IN THE COMPANY

Training follows a global, cross-cutting approach. In fact, in the wake of Walterscheid's acquisition, the Academy's activities have been extended internationally, fostering **a more uniform increase and distribution of skills**.

The Company promotes professional and effective growth of employees through training in different subject areas, each with its own objectives and methods. Training develops managerial, technical-specialized knowledge and skills in the areas of security and compliance with different methods of delivery. In fact, based on acquired experiences, the Company has offered training by relying on suppliers, technologically advanced platforms, and in-house instructors who, with significant resource involvement, share skills and knowledge acquired in the field with co-workers, creating a relationship of continuity and growth from a human perspective as well.

Starting with onboarding, the Company ensures a structured, gradual induction process. The process differs according to position and job description, differentiating between office duties (white collar workers) and production work (blue collar workers) (see the section [People | Personnel management and development policies](#)).

In 2022 an integrated training procedure was set up to develop training plans to address the needs of each location. The plans are transversal in nature and are developed to ensure skill acquisition and growth of employees in a "vertical" (hierarchical) or "horizontal" (functional) sense.

The drafting of the training plan begins with HR and managers' assessment of the knowledge and skills required by the organization's roles and subsequent mapping of training needs. The information gathered orients the Academy in organizing training courses and selecting internal faculty, or external providers as assessed by the Academy from time to time. The effectiveness of the training is measured using tests and satisfaction surveys delivered at the end of the session. The tests allow for the timely introduction of any corrective actions if participants have not achieved the expected level of knowledge and competence as well as highlighting strengths or areas for improvement. Mandatory training requirements concerning safety are managed through a computerized system that monitors deadlines, thereby ensuring compliance.

THE ACADEMY

The Academy is an internal training facility established by Comer Industries back in 2008, reflecting the Company's well-established commitment to the development of skills and the growth of its people. It is the heart of the Company in terms of training, human capital development, professional growth, and knowledge sharing. It is a place for meeting and discussion that plays a decisive role in ensuring the competitive ability that the market recognizes in Comer Industries and offers classes whose content allows methods, approaches, and operational solutions that cut across various business processes to be immediately applicable.

Following the acquisition of Walterscheid, the Academy was extended to the entire new Group, taking on the important role of promoting and implementing personnel training at all Company locations.

TRAINING PROGRAMS

In April 2022, with the start of the integration process, the Academy supported this process by first organizing Values Workshops in which the more than 2,000 employees at all Walterscheid locations received training on the values of the newly established company. During these sessions, everyone had the opportunity to learn about and reflect on the company's values, purpose, new organization, expectations, and expected behavior, making them their own.

Also with the support of the Academy, various business functions organized cross-training, involving people from different sites. One of the major initiatives involved more than 100 people located around the world in the Sales & Marketing function through more than 30 mutual training sessions **on products and their applications**.

In the more technical sphere, with the aim of spreading the use of the A3 methodology to develop strategic projects and learning how to use the Obeya Room to monitor them, the Quality, Sustainability & Lean Development function organized training sessions called "**Hoshin Kanri**" that, in-person or remotely, involved the people who manage the projects of the function they belong to.¹⁹

Another significant project in 2022 that will continue in 2023 involved training related to the SAP information system. In preparation for the migration of all information and data to this platform, the Monguelfo and Sohland plants supported the necessary training of key users who are responsible for spreading awareness of the tool and facilitating its adoption.

Cybersecurity training continued in 2022, being extended to all locations. The method of delivery was the same as in 2021: short video pills to be followed on a weekly basis, with interim quizzes and final theoretical and practical tests. The delivery of the multi-level **digital literacy** course to acquire the skills to operate independently with IT tools and spread awareness of information security issues also continued.

*By joining the **Valore D** network, Comer Industries has championed a more inclusive corporate culture. In fact, thanks to this initiative all employees were given the opportunity to participate in the Valore D Talks, a series of sessions open to the entire Company workforce scheduled throughout the year that encouraged discussion and reflection with experts on the most current issues concerning Diversity & Inclusion.*

Furthermore, some employees were chosen by the Company to participate in Valore D's "Training Programs": innovative experiences that include opportunities for exchanges between different companies and moments dedicated to networking. In 2022, 283 resources were involved in such training programs.


 The logo for Valore D, featuring the word "valore" in a dark blue, lowercase, sans-serif font, followed by a large, bold, uppercase "D" in the same color.

¹⁹ - The A3 Technique is a problem-solving tool that owes its name to the fact that it illustrates the entire process for achieving a goal or solving a problem on an A3-sized sheet of paper. The Obeya Room is a method of exchange that relies on the use of a large room ("obeya" means "big" in Japanese) where all the people involved discuss problems as they arise during a process, such as product development. Hoshin Kanri is a seven-step strategic planning process, also of Japanese origin, that involves sharing goals before putting them into action.

To consolidate awareness of **health and safety** issues and strengthen the preventive approach to workplace accidents, training video pills were created on possible hazardous situations within Italian plants. The videos were recorded in operating departments with the support of professional actors and with the goal of creating greater involvement during content delivery. This training experience will continue in 2023, with extension to other locations in Italy and abroad.

In parallel, **ergonomics** training sessions were organized with the aim of raising staff awareness of the importance of posture and correct movements during work and particularly during the use of equipment and tools.



EDUCATIONAL COMMITMENT²⁰

Training data highlight the ongoing focus and investment in the training and development of people in terms of technical and soft skills.

In 2022 the Company provided a total of about **90 thousand training hours** between employees and contractors, for a total of 24 hours per employee.

The table below for employees only shows a reduction in total per capita hours. The rescheduling is related to the ongoing integration process and the fact that 2022 represents Walterscheid's first year of reporting training hours according to the method applied by the Group. In fact, with the same reporting boundary compared to 2021, the value of training hours per employee turned out to be 28, up from last year, especially with regard to the Professional and Worker categories, reflecting the training efforts geared toward all the Company's workforce. The increase in hours affected all areas evenly.

TRAINING HOURS PER EMPLOYEE	2020			2021			2022 C			2022		
	F	M	Tot	F	M	Tot	F	M	Tot	F	M	Tot
Executives	72	62	63	24	9	11	13	10	10	13	9	10
Managers	8	26	20	28	19	20	29	19	20	12	16	16
Professionals	13	14	14	18	24	23	25	30	29	16	22	21
Worker	8	21	20	8	25	25	36	28	29	16	12	12
Total	12	19	18	16	25	24	28	28	28	16	15	15

TRAINING HOURS PER EMPLOYEE	2020			2021			2022 C			2022		
	F	M	Tot	F	M	Tot	F	M	Tot	F	M	Tot
Managerial	6	3	3	3	2	2	6	3	3	3	2	2
Safety	4	7	7	2	5	5	4	6	6	3	4	4
Technical	2	9	8	7	15	14	13	16	15	6	7	7
Other	0	0	0	4	3	3	5	4	4	4	3	3
Total	12	19	18	16	25	24	28	28	28	16	15	15

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

OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY POLICY

For Comer Industries, people are at the center of the sustainable development strategy, and the ability to achieve sustainability goals depends on them. Therefore, the protection of health and safety in the workplace is an indispensable factor in the performance of any activity.

The Company decided to tackle it with a systematic approach and implemented a **Health and Safety Management System** that complies with the **ISO 45001:2018** standard, a system that helps prevent occupational injuries and illnesses by integrating risk management into decision-making processes. The system is certified by accredited bodies and involves 96% of workers.

The rationale behind the model is to identify and prioritize risks so that corrective actions can be planned and executed more systematically. Risk assessment extends to all factors with an impact on work: from hazards related to specific processes to the characteristics of the environment and its evolution, such as changes in the regulatory framework or environmental conditions.

In defining the action plan, promoting the participation of the workers involved through cross-site working groups at each site, the Company identifies the technical, organizational, and procedural prevention and protection measures to be taken as per the following hierarchy:

- a. Eliminate the hazards
- b. Replace them with less dangerous processes, operations, materials, or equipment
- c. Use technical-design measures and reorganize the work
- d. Use administrative measures, including training
- e. Use appropriate PPE

The effectiveness of the actions is constantly monitored through the analysis of performance indicators and periodic audits performed by both the production staff of each site and the functions of the headquarters in order to identify any deviations and implement timely corrective actions.

The continuous improvement of performances and 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.

As soon as they join the Company all workers are involved in a structured training program to establish a culture of safety and respect for the rules, promoting responsible behavior. A system is in place at all sites through which all workers can identify and report potential hazardous situations before any negative event has occurred, e.g., unsafe behavior or conditions or near misses (i.e., situations in which a negative event has occurred but produced no effect (injury)).

Each report is analyzed and processed by a technical team to implement related risk mitigation actions and communicate feedback to the person who identified the hazard, with the understanding that continuous action on hazard reports and causes can help progressively reduce the number of injuries.

*In 2022, **3,184** prior warnings of potential danger were recorded, or **0.84** warnings per capita, and more than **250** audits were performed.*

The same high safety standards are also applied to all those who access the Company's premises in any way, be they contracted suppliers or simple workers. Those entering the Company must always first receive instructions supported by audiovisual and digital media illustrating the risk areas and the rules and criteria to be observed while on the Company's premises. The visit of contractors is always preceded by a preliminary assessment of technical fitness and training. Even thereafter, the Company employees accompanying the visitor constantly monitor their behavior and work.

PROBLEM SOLVING

In the event of an accident, systematic analysis procedures based on a structured problem-solving methodology are initiated, aimed at removing the root cause so that the event does not happen again. Subsequently, with a view to prevention and the dissemination of best practices, the possibility of extending the identified corrective solution to other areas or production sites is assessed. The same approach is also proactively applied to near misses.

HEALTH MANAGEMENT

Capitalizing on the experience gained in the management of the Covid-19 pandemic, the Company continues to consolidate its health measures, also consistent with the evolution of each country's national regulations.

More specifically, the main activities are:

- Adequate information on appropriate conduct within the workplace.
- Workplace access procedures for employees and outside companies.
- Hygiene measures and sanitization.
- Adoption of PPE even beyond the requirements of national regulations.
- Changes in the organization of work.
- Management of possibly symptomatic people in the Company.
- Health surveillance.

Actions taken to facilitate the proper implementation of the measures taken include the installation of facial **thermoscanners** for taking temperatures, daily distribution of **protective masks**, and **shift planning** aimed at ensuring spacing between operators.

In some sites, especially in Germany, preventive tools such as the distribution of free infection testing and the organization of vaccination campaigns have been added to the above measures.

In cases of infection, coordination with Health Authorities continues to be ensured, contact tracing where necessary, and providing maximum cooperation in resolving the cases identified.

INJURIES ²¹

In 2022 as in previous years, there were no fatalities or high consequences work-related injuries. The total number of recordable injuries was 61 events for more than 5 million hours worked. Specifically, for four injuries that are not classifiable as high-consequence, the prolongation of the duration of absence from work to 2023 is noteworthy. The majority of injuries consist of events such as bruises, cuts, or foreign bodies. The data relating to this disclosure are set out below in a differentiated manner between employees and non-employees, in line with the standard of reference.

EMPLOYEE INJURIES	2020 ^A	2021 ^A	2022 C ^A	2022 ^A
Number of fatalities as a result of work-related injury	-	-	-	-
Number of high-consequence work-related injuries (excluding fatalities)	-	-	-	-
Number of no high-consequence work-related injuries	12	24	16	61
Number of recordable work-related injuries	12	24	16	61
Number of hours worked	1,779,139 ^E	2,191,739	2,143,967	5,410,967

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

E - The hours worked do not include the data for the commercial branches in the USA, Brazil, Germany and the UK.

The data show that the incidence rate remained in line with 2021, despite the fact that the new consolidated scope led to more than double the number of hours worked compared to the previous year. Even more significant is the like-for-like figure compared to 2021, where there is a **decrease in the incidence rate of more than 30%** compared to the previous year. This is an achievement that reflects the growing commitment to actions that involve all workers in improvement processes and that increase their awareness (see the section [People | Training in the Company](#)).

Finally, the Bangalore plant recorded **zero injuries** for the third consecutive year.

EMPLOYEES	2020 ^E	2021	2022 C	2022
Rate of fatalities as a result of work-related injury ^B	-	-	-	-
Rate of high-consequence work-related injuries (excluding fatalities) ^C	-	-	-	-
Rate of recordable injuries in the workplace ^D	6.74	10.95	7.46	11.27 ^F

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

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

D - (No. of recordable injuries / No. of hours worked) * 1,000,000.

E - The hours worked do not include the data for the commercial branches in the USA, Brazil, Germany and the UK.

F - 2.25 when using the criterion employed in previous years.

21 - The method for calculating the injury rate has changed from what was used in previous years, having normalized the ratio by a factor of 1,000,000 instead of 200,000. The injury rate was thus restated for the years 2020 and 2021 in light of the new criterion.

In 2022, the Company continued the progressive involvement of stakeholders in the development of sustainability by also including in the scope of reporting the health and safety data of workers who are not employees but whose work or workplace is controlled by the Group, including outsourced workers and contractors.

At the end of 2022 the Company recorded the presence of 565 outsourced workers and at the same time estimated that throughout the reporting year nearly 17 thousand contractors performed their services within the Company's sites.

NON-EMPLOYEE INJURIES ^G	2020 ^A	2021 ^A	2022 C ^A	2022 ^A
Number of fatalities as a result of work-related injury	-	-	-	-
Number of high-consequence work-related injuries (excluding fatalities)	-	-	-	-
Number of no high-consequence work-related injuries	6	12	20	23
Number of recordable work-related injuries	6	12	20	23
Number of hours worked	300,950 ^F	717,613	761,433	1,076,204 ^H

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

F - The total hours worked in 2020 were restated with respect to those reported in the 2020 Sustainability Report, as the hours worked by employees at the China site have been included.

G - Data relating to the health and safety of non-employees include the category of outsourced workers of the Comer Industries Group and suppliers of works or services operating at the Group's sites.

H - Hours worked does not include the figure for suppliers of works or services working at Aftermarket Service centers.

With regard to this category, 23 accidents totaling more than one million hours worked were recorded during the reporting year. The overall injury rate stands at 21.23 and is up nearly 30% from the previous fiscal year.

The increase is mainly attributable to intensive but discontinuous use of outsourced workers, due to the dynamics of supply flows destabilized by the health situation, difficulties in procuring components, and finding specialized personnel in some geographical areas.

NON-EMPLOYEES ^G	2020 ^E	2021	2022 C	2022 ^H
Rate of fatalities as a result of work-related injury ^B	-	-	-	-
Rate of high-consequence work-related injuries (excluding fatalities) ^C	-	-	-	-
Rate of recordable injuries in the workplace ^D	19.94	16.72	26.27	21.37

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

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

D - (No. of recordable injuries / No. of hours worked) * 1,000,000.

E - The hours worked do not include the data for the commercial branches in the USA, Brazil, Germany and the UK.

G - Data relating to the health and safety of non-employees include the category of outsourced workers of the Comer Industries Group and suppliers of works or services operating at the Group's sites.

H - Hours worked does not include the figure for suppliers of works or services working at Aftermarket Service centers.

OCCUPATIONAL DISEASES

With the same attention given to all health and safety issues, Comer Industries also applies a preventive approach based on risk assessment in managing occupational diseases. Among the main manufacturing processes, assembly is the process with the highest occupational disease risk, such as manual handling and, to a lesser extent, the use of chemicals and noise.

During 2022 one case of occupational disease was recorded for an employee. Regarding the other types of workers, no cases of occupational diseases were reported based on the information received to date.





CHAPTER 6



IRON

The word "IRON" is rendered in a large, bold, sans-serif font. The letters are filled with a blue-to-teal gradient and contain a detailed illustration of a school of fish swimming in an underwater environment. The fish are depicted in various sizes and orientations, creating a sense of movement. The background within the letters shows a dark seabed with some coral or rock formations. The overall aesthetic is clean and modern, with a focus on nature and industry.

Comer Industries intends to take an all-around approach to responsibility, and in this regard considers the management of environmental aspects to be indispensable. Management that, in addition to being a foundational part of the sustainable development strategy, is a growth factor for any industrial choice. As the first step in the journey toward a long-term sustainability strategy, in 2022 the Company defined and published the Integrated Quality, Sustainability and Product Responsibility Policy (see section [Governance / Responsible business management](#)). A strong commitment is expressed in the document to promote projects and actions that contribute to effectively responding to the global challenges of climate change: reducing direct and indirect emissions, increasing the use of electricity from renewable sources, reducing energy consumption and the amount of hazardous waste through optimizing production processes, and reducing the environmental and social impact of products throughout their life cycle.

The Company has implemented an **Environmental Management System** according to the **ISO 14001:2015** standard covering more than 90% of its operating sites. In view of the ongoing integration process, as a first step key indicators consistent with the strategic targets have been aligned among all offices and a program of interventions to achieve them has been defined, with a clear allocation of resources, responsibilities, and time lines.

In line with previous years, systematic monitoring was carried out through advanced data collection systems and detailed dashboards to assess trends in the main indicators and implement timely corrective actions in the event of deviations from targets. With this in mind, the project to integrate the production sites of the Walterscheid Powertrain Group perimeter within the sustainability dashboard was completed in 2022.

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

ENERGY MANAGEMENT

The energy consumption is related to production, to the air-conditioning of rooms, and the use of fuel for Company vehicles.

In keeping with the Integrated Policy, the Company is committed to a path of continuous improvement in energy efficiency performance in process implementation and product manufacturing. Energy performance is monitored continuously with data collected at the individual production unit level and then aggregated to support decision making. A digital dashboard shows the status of consumption in real time, spotlighting deviations from baseline consumption and the causes of deviations.

In 2022 the total energy consumption was 356,271 GJ, of which 18% came from renewable sources thanks to the production and self-consumption of electricity from photovoltaic equipment and the purchase of Guarantees of Origin certifying the renewable origin of energy production sources. As a result of Walterscheid's integration, new energy carriers such as propane, methanol, and district heating were added to the reporting scope.

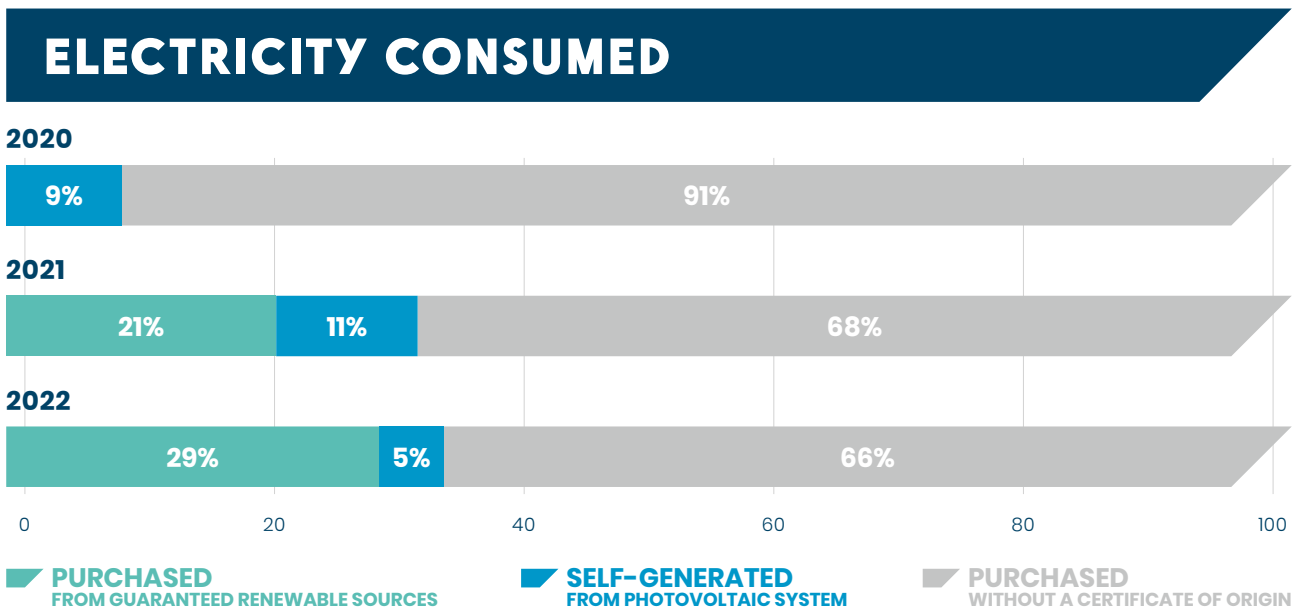
ENERGY CONSUMPTION - INTERNAL (GJ)	2020	2021 ^B	2022 ^C	2022
Natural gas	58,728	68,104	53,544	152,817
LPG	31	285	208	254
Diesel	3,572	4,161	5,066	7,124
Petrol	2,500	2,039	2,033	3,104
Methanol	-	-	-	123
Propane	-	-	-	56
District heating	-	-	-	8,204
Electricity purchased from the grid	61,707	68,128	65,156	175,263
Self-generated electricity - photovoltaic systems	6,528	8,903	10,135	10,135
Of which consumed for own use	5,826	8,159	9,327	9,327
Of which injected into the grid	702	745	808	808
Total^A	132,364	150,876	135,343	356,271
Of which from renewable sources (electricity)	5,826	24,761	62,381	62,381

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

B - The monitoring boundary was expanded to include the sites of Comer Industries do Brasil Ltda and Comer Industries UK Ltd.

In 2022, the energy consumption deriving from the use of fuels represented 46% 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 93% of all fuels and is used both for air conditioning and for production operations such as painting and heat treatment. However, on a like-for-like basis compared to 2021, there was a decrease in gas consumption of more than 10 thousand GJ mainly due to changes in climatic factors.

With regard to electricity consumption, FY2022 recorded a 34% share of electricity from renewable sources, a slight increase (+6%) compared to FY2021. A part equal to 5% comes from the self-generation of energy, from the five photovoltaic plants installed in the Italian sites of Reggiolo and Matera, which produce a total of 2,172 kWp. On a like-for-like basis compared to 2021, while registering an increase in absolute value related to increases in production volumes, note that **more than 80% of electricity was reported to come from renewable sources**. Similar to what the Matera plant achieved in the previous fiscal year, in 2022 the **Reggiolo and Pegognaga sites also met their entire electricity needs through the use of renewable sources**.



“

34% of electricity comes from renewable sources.



INTENSITY OF ENERGY CONSUMPTION

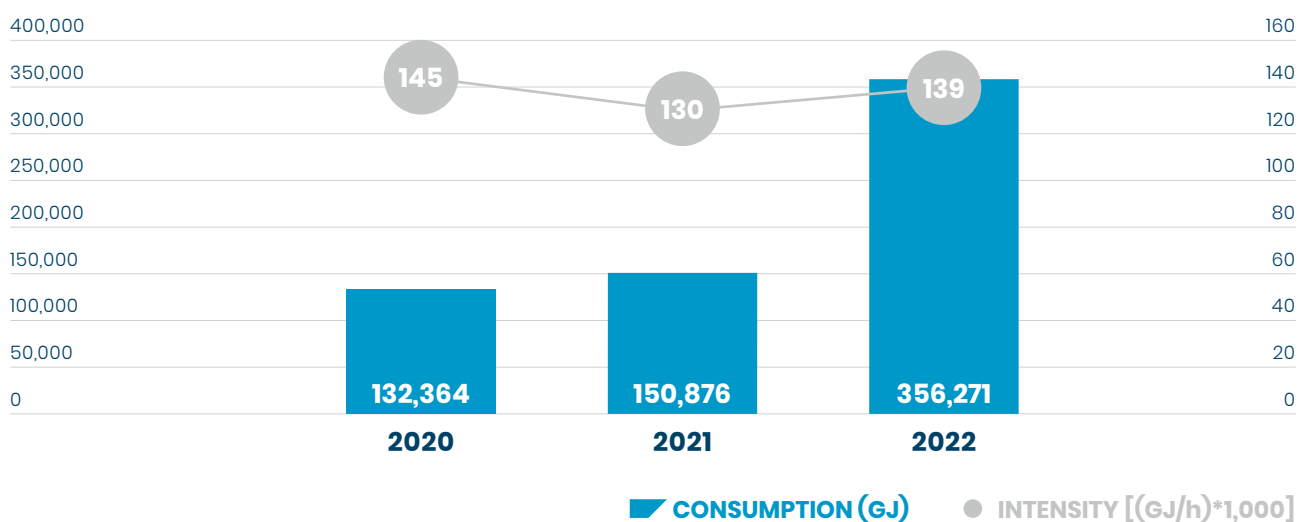
In terms of intensity indices, energy performance stands at 139. The result, up 7% from the previous year, was due to the mismatch in energy performance between sites in the Comer Industries perimeter and those in the newly acquired Walterscheid. In fact, looking only at Comer Industries' results, there was an improvement of **17%** in terms of intensity indices compared to the previous year. The improvement is attributable to the rationalization of production space and specific energy efficiency measures. These include consolidating the progressive renewal of the machine inventory, introducing machining centers with reduced energy consumption, and replacing heating systems with high-efficiency technologies. In 2023, as part of the integration project already underway, the logic of efficiency will be gradually extended to the entire scope.

ENERGY INTENSITY	2020	2021	2022 C	2022
Energy consumption (GJ)	132,364	150,876	135,343	356,271
Machine hours for product manufacturing ^c (h)	912,532	1,161,567	1,253,201	2,564,418
Energy intensity index ^d	145	130	108	139

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

D - (energy consumption/machine hours for product manufacturing) * 1,000.

ENERGY INTENSITY



CLIMATE CHANGE AND EMISSIONS MANAGEMENT

THE CLIMATE CHANGE RISK

Comer Industries' goal of contributing to the fight against climate change is realized through a path of progressive alignment and adherence to the Recommendations of the TCFD-Task Force on Climate-related Financial Disclosures.

In 2022 the spectrum of analysis was further expanded and updated, incorporating instances from new operating locations in light of recent acquisitions. The climate change risk assessment method consists of four steps.

A. SCENARIO ANALYSIS

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

The first phase of the analysis involved a mapping of the current state on which to construct scenario assessments in terms of economic growth²² and exogenous factors, correlating them with potential levels of climate-changing gases (GHGs) released into the atmosphere.

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

The risk analysis was performed considering the physical and transitional hazards stipulated in the technical specification. The identification and assessment of each string of risk and opportunity was made possible through the direct involvement of the function heads and management and the characterization of the sites based on their geographic area.

B. GOVERNANCE

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

Climate change issues are managed by the BoD, which monitors and implements environmental policies and strategies. The BoD is responsible for strategic and organizational orientations and verifies the adequacy of the organizational structure and the suitability of the necessary resources, delegating the coordination of strategy implementation and the assessment of risks and opportunities related to climate change management to the Quality, Sustainability & Lean Development function.

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

Environmental performance, particularly energy performance, is monitored and analyzed periodically to update and revise action plans and to manage progress and performance. Specific indicators related to climate risk management aimed at monitoring and reporting to the BoD on the effectiveness of implemented mitigation plans are also being defined.

The **Integrated Quality, Sustainability and Product Responsibility Policy** (see section *Governance / Responsible business management*) is the key document that defines the modus operandi with which the Company operates and expresses its commitment to the Sustainable Development Goals.

C. RISK MANAGEMENT

The analysis process was based on the scenario analysis described above. In compliance with the Recommendations of the Task Force on Climate-related Financial Disclosures, the Risk Management system was supplemented by a timely analysis of risk factors related to climate change. Risk weighting and related mitigation actions were carried out through the tools and criteria provided in Comer Industries' risk management model.

RISKS

- *Transitional - Technological: developments at the product and service level from an innovative perspective to follow development trends and delineate a functional research path for resource management.*
- *Transitional - Legal: compliance with national and supranational regulations to avoid recalls that could impact financial management.*
- *Transitional - Market: evolving supply and demand dynamics to be able to adapt products and services to fluctuations, and studying competitor positioning to identify new developments in the market.*
- *Transitional - Reputational: stakeholder evaluation of initiatives put in place to demonstrate a concrete commitment to emissions reduction.*
- *Acute physical: issues concerning point source environmental problems with serious consequences for the environment and people.*
- *Chronic physical: issues inherent in systemic and ongoing problems related to the Company's core business.*

OPPORTUNITIES

- *Transitional - Technological: adoption of efficiency measures both within plants and in terms of reevaluating production flows in the offering of a product or service.*
- *Transitional - Energy Source: projects aimed at changing or improving the use of energy sources, taking advantage of new electrification or self-generation possibilities.*
- *Transitional - Market: strengthened market presence to facilitate improvement processes and evaluate a strategic green positioning.*

D. STRATEGY

In a medium- to long-term perspective, the acquisition of Walterscheid Powertrain Group required a new reflection on objectives and strategic choices, as it redefines the scope subject to corporate sustainability performance measurement. This assessment took place during 2022, and the risk monitoring and mapping process took this new arrangement into account. The screening of risks and the measures to be taken to mitigate them, as much as those necessary to seize identified opportunities, constitute the action plan that Comer Industries is developing to reduce the amount of CO₂ equivalent produced from year to year in the broader context of the new corporate structure.

In terms of energy performance, as mentioned above, energy efficiency measures on the demand side and the shift to renewable energy on the supply side are prioritized, with a special focus on high-tech investments in the new business plan. Sustainable electrification also involves manufacturing processes, with the design of new painting lines powered by electricity.

Projects are also planned for digitization, coordination of industrial activities and waste reduction, applying the logic of Industry 4.0. Examples of applications of this operating model include temperature management of heat treatment furnaces with new monitoring systems, replacing older instrumentation, or the installation of high-efficiency boilers and heat pumps for air conditioning.

Moreover, with its research and development Comer Industries meets and combines multiple needs: developing products with increasingly high performance in terms of quality and improving levels of safety and reliability (see the section *Unconventional makers: the Comer Industries model | Product innovation and sustainability: value for customers*).

Among the biggest challenges in the short to medium term is supply chain management from a sustainability perspective. The Company has decided to address this issue with progressive involvement of suppliers by introducing sustainability criteria during selection, qualification, and evaluation, with subsequent requests for improvements (see the section *Unconventional makers: the Comer Industries model | Suppliers*).

E. METRICS AND OBJECTIVES

The current climate change reporting system is summarized below:

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

The Quality, Sustainability & Lean Development function annually sets specific quantitative targets to be achieved for each individual site and each indicator based on the previous year's results and 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 discounting of the value of the indicators at the end of 2022 following the integration with the newly acquired Walterscheid's operating offices is the baseline for setting new long-term KPI targets.

THE VOLUME OF EMISSIONS

The Company is committed to reducing greenhouse gas emissions²³ generated by its business operations, either directly (GHG Scope 1) or indirectly (GHG Scope 2, GHG Scope 3) by reducing the consumption of energy resources, encouraging the use of energy from renewable sources, and improving the efficiency of facilities, as described above.

23 - Source of emission factors: Scope 1: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>. Scope 2 location-based: Italy (<https://www.isprambiente.gov.it>), USA (<https://www.epa.gov/egrid>), China, India, Brazil (<https://www.iea.org>), UK (<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>), Germany (<https://www.umweltbundesamt.de>). Scope 2 market-based: Italy, UK and Germany (<https://www.aib-net.org>, emissions are expressed in tonnes of CO₂e, as the percentage of methane and nitrogen oxide has a negligible effect on total greenhouse gas emissions as can be inferred from the relevant technical literature), USA (<https://www.green-e.org>), China, India and Brazil (<https://www.iea.org>). Scope 3: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>

The calculation of GHG Scope 2 emissions is done according to two different approaches: location-based and market-based.²⁴ Considering its strategy to increase the share of energy consumed produced from renewable sources, the Company has decided to monitor the general trend of performance with the market-based calculation approach.

DIRECT EMISSIONS^E GHG SCOPE 1 (t CO₂e)	2020	2021^F	2022 C	2022
Natural gas	2,985	3,459	3,009	8,048
LPG	2	18	13	16
Diesel	253	289	361	507
Petrol	168	137	135	207
Refrigerant gases for air conditioning systems ^G	-	1172	520	523
Methanol	-	-	-	151
Propane	-	-	-	4
Total	3,408	5,075	4,038	9,456
INDIRECT EMISSIONS^E - GHG SCOPE 2 LOCATION-BASED (t CO₂e)				
Purchased electricity	4,614	4,860	4,496	16,010
District heating	-	-	-	289
INDIRECT EMISSIONS^E - GHG SCOPE 2 MARKET-BASED (t CO₂e)				
Purchased electricity	7,345	5,765	847	16,200
District heating	-	-	-	68
TOTAL EMISSIONS GHG SCOPE 1 + SCOPE 2 (t CO₂e)				
GHG Scope 1 + Scope 2 location-based total emissions	8,022	9,935	8,534	25,755
GHG Scope 1+ Scope 2 market-based total emissions	10,753	10,840	4,885	25,724

E - For details of emissions by geographical area, see [Appendix | Climate change and emissions management](#).

F - The monitoring perimeter has been extended to include the Brazil and UK sites.

G - 2020 data not available due to monitoring system being consolidated. The 2021 and 2022 figures include the quantities of refrigerant gases dispersed in the atmosphere and documented in the related equipment records.

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

During 2022, as a result of the project to purchase electricity from certified renewable sources (Guarantee of Origin) and the self-production of electricity from solar panels, **the Reggiolo, Pegognaga and Matera plants did not generate indirect emissions** (Scope 2) calculated according to the market-based methodology. However, the emission intensity index increased 7%, worsening from 2021.

The result is mainly due to the mismatch between the sites of the Comer Industries scope and those of the newly acquired Walterscheid, which are less performing in terms of emissions. In fact, on a like-for-like basis compared to 2021, the intensity index stands at 39, which is equivalent to an **improvement of nearly 60%** over the previous year and about **6,000 tCO₂e saved**.

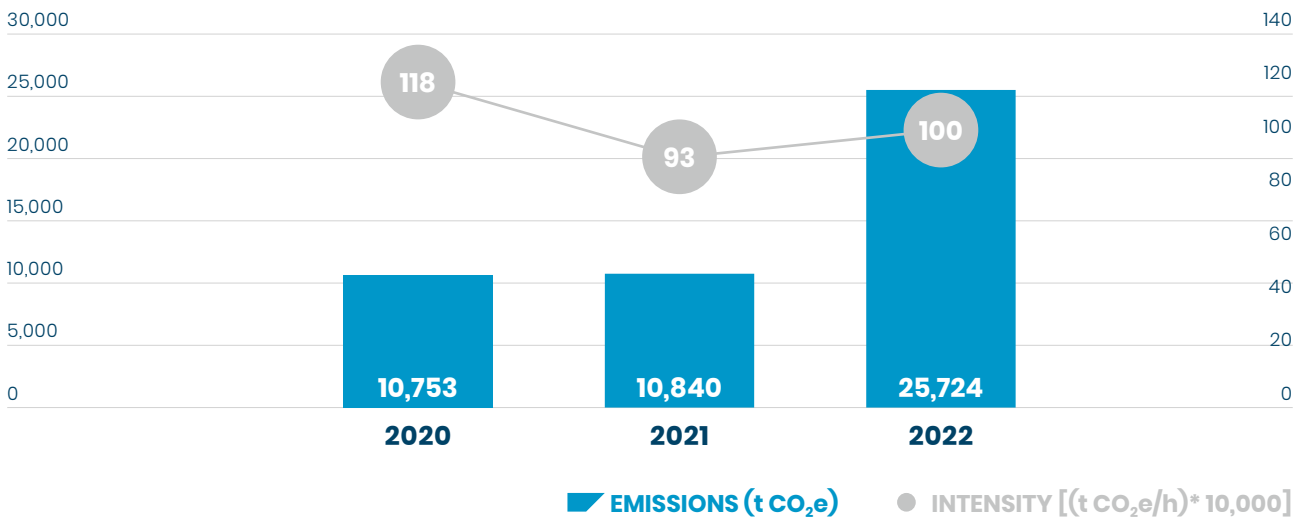
A result achieved thanks to the reduction of the intensity of consumption (improved energy efficiency), the improvement of the maintenance programs of the refrigeration systems, and finally the contributions related to the supply of electricity from renewable sources.

EMISSION INTENSITY	2020	2021	2022 C	2022
Scope 1 + Scope 2 market-based (t CO ₂ e)	10,753	10,840	4,885	25,724
Machine hours for product manufacturing ^H (h)	912,532	1,161,567	1,253,201	2,564,418
Emission intensity index ^I	118	93	39	100

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

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

TOTAL EMISSIONS



SCOPE 3: EXTENSION OF THE MONITORING PERIMETER

In 2020 Comer Industries launched a project to define the scope of reporting of indirect activities in terms of emissions and related calculation methods. The categories considered in the reporting boundary include upstream emissions from employees' commuting and waste generated during operations, downstream arising from product transportation.

As a first step in the process of integrating the assessment of indirect emissions, in 2022 the method for calculating emissions generated in waste treatment was extended to all production sites. It is planned to develop the inventory of indirect emissions produced in the value chain during the next fiscal year. The activity will further the decarbonization process the Company is committed to.

Specifically, the following emission calculation methods were adopted:

- *distance-based method* for determining the contribution related to employees' daily commutes
- specific calculation algorithm for the study of the impact generated by the transport of the finished product;
- *waste-type specific method* relating to the treatment of the waste generated

Starting from the baselines determined with these methods, various actions to reduce GHG emission were identified.

OTHER GHG SCOPE 3 (t CO ₂ e) _{2,e} INDIRECT EMISSIONS	2020	2021	2022
Commuting ^J	-	1,119	1,092
Transport of the finished product ^I	-	1,423	1,540
Treatment of waste produced	319	379	718
Total	319	2,921	3,350

J - The monitoring perimeter includes only Italian sites of comer industries.

I - The figure includes all the transports of the finished product that left from the Italian plants of comer industries and traveled directly to the customer's premises.

In 2022, with the goal of reducing the environmental impact **related to workforce mobility**, the Company installed 16 areas equipped with dual charging stations for electric cars at its Italian sites. At the Matera plant, parking areas have also been reserved for staff who travel to work by carpooling. In line with what was stated in the previous fiscal year, the Company achieved its 2021 results also thanks to the structural application of teleworking.

The environmental impact related to the treatment of waste generated showed a significant increase following the consolidation of the monitoring system at all sites that took place during 2022.

OTHER EMISSIONS ²⁵

In an effort to continuously improve its environmental performance, the Company monitors emissions of significant substances generated by production processes. The values shown are a summary of the results found during the analyses of periodic controls and the information contained in the relevant site environmental authorizations. Where not specified in environmental permits, estimates of the equipment's operating ranges were used based on similar equipment.

The most significant emissions are volatile organic substances (VOCs) caused mainly by the painting process. In 2022, as an effect of machine inventory renewals and upgrades, there was a 14% decrease in emissions compared to the previous year.

ATMOSPHERIC EMISSIONS – (t)	2020	2021	2022
CO	14.7	8.2	4.2
NOx	12.7	9.1	7.9
PM	3.3	2.6	3.5
SOV	40.4	43.0	37.1
Other substances	0.4	0.5	0.5

25 - Manufacturing plants located in Germany do not fall under the emission monitoring requirement under current law, and consequently, given the unavailability of the data are not included in the reporting scope. In the next fiscal year, Comer Industries will assess the possible inclusion of the sites within the reporting boundary.

WASTE GENERATION AND MANAGEMENT

The Company manages the waste generated by its processes with a approach aimed at:

- full compliance with the national or Community regulatory framework;
- Reduction of the amount of hazardous waste generated.

Management is supported by a monitoring system implemented for all sites, which makes it possible to check progress using an analytical dashboard and to assess the action areas having the greatest environmental and economic impact. With the goal of simplifying the data collection process and facilitating timely, precise analysis of the amount of waste generated, a specific management program is planned to be installed at all Italian sites during 2023.

Waste transport and final treatment activities are carried out in compliance with the national directives of each plant where the Company operates, through disposal service providers authorized according to local regulations. Periodically the Company monitors the validity of the relevant authorizations both centrally and at the site.

WASTE

Machining and painting operations are the processes that generate the main hazardous waste such as emulsions and aqueous solutions and non-hazardous waste such as metal scrap.

In 2022, the Company generated 16 thousand tons of waste divided between: 14% hazardous and 86% non-hazardous. Regarding the **portion of hazardous waste**, there was a **44% reduction** compared with the previous year.

The result was mainly the result of the use of water treatment plants at the Jiaxing, Lohmar, and Monguelfo plants.

2020



2021



2022



HAZARDOUS WASTE

NON-HAZARDOUS WASTE

TREATMENT Waste category (t)	2020			2021			2022 C			2022		
	R	S	Tot	R	S	Tot	R	S	Tot	R	S	Tot
Hazardous waste	1,007	234	1,241	1,175	353	1,528	1,386	169	1,555	1,863	336	2,199
Non-hazardous waste	3,202	339	3,541	4,326	341	4,667	4,784	251	5,035	13,131	761	13,892
Total	4,209	573	4,782	5,501	694	6,195	6,170	420	6,590	14,994	1,097	16,091

The Company has a total waste intensity rate of 62.8. The latter is divided by hazardous and non-hazardous waste with respective rates of 8.6 and 54.2. Specifically, compared with the previous year, the **hazardous waste rate** saw a significant **improvement of 35%** versus a 120% increase in hours processed. The result is due both to the adoption of water treatment plants and the efforts and actions implemented by the company in recent years to reduce the environmental impact of its waste. In fact, on a like-for-like basis compared to 2021, there was a decrease in the hazardous waste intensity index of more than 5% compared to 2021.

WASTE INTENSITY	2020	2021	2022 C	2022
Hazardous waste (t)	1,241	1,528	1,555	2,199
Non-hazardous waste (t)	3,541	4,667	5,035	13,892
Machine hours for product manufacturing ^L (h)	912,532	1,161,567	1,253,201	2,564,418
Hazardous waste intensity index ^M	13.6	13.2	12.4	8.6
Non-hazardous waste intensity index ^N	38.8	40.2	40.2	54.2
Total waste intensity index^O	52.4	53.3	52.6	62.8

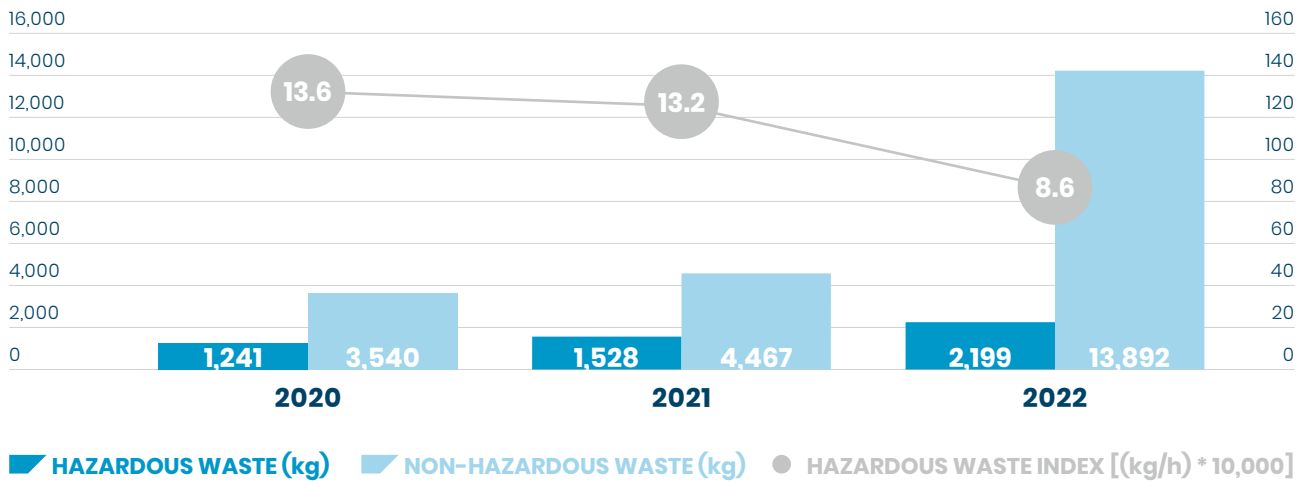
L - Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.

M - (hazardous waste / machine hours for product manufacturing) * 10,000

N - (non-hazardous waste / machine hours for product manufacturing) * 10,000

O - [(hazardous waste + non-hazardous waste) / machine hours for product manufacture] * 10,000

TOTAL WASTE



DISTRIBUTION BY CATEGORY OF WASTE GENERATED

Due to the use of water treatment plants, there was a positive trend in the amount of hazardous waste as a percentage of total waste generated.

DISTRIBUTION BY TREATMENT TYPE

The analysis of the destination and treatment of waste generated at the sites in 2022 showed that 93% of the waste produced is managed through recovery operations, while the remaining 7% is destined for disposal. Compared with the previous year, the percentage of waste going to disposal operations improved by 35%, in line with the reduction in the portion of hazardous waste. Percentages that underscore the commitment to reducing the environmental impacts of products from a life-cycle perspective.

RECOVERY

TREATMENT Waste category (t)	2020			2021			2022 C			2022		
	H	Non H	Tot	H	Non H	Tot	H	Non H	Tot	H	Non H	Tot
Recycling	23	1,444	1,467	34	2,017	2,051	72	2,178	2,250	456	8,140	8,596
Other recovery operations	984	1,758	2,742	1,141	2,309	3,450	1,314	2,606	3,920	1,407	4,991	6,398
Total	1,007	3,202	4,209	1,175	4,326	5,501	1,386	4,784	6,170	1,863	13,131	14,994

DISPOSAL²⁶

TREATMENT Waste category (t)	2020			2021			2022 C			2022		
	H	Non H	Tot	H	Non H	Tot	H	Non H	Tot	H	Non H	Tot
Incineration without energy recovery	13	-	13	22	-	22	1	-	1	2	45	47
Incineration with energy recovery	-	-	-	-	-	-	-	-	-	9	189	198
Landfill	-	20	20	-	17	17	-	16	16	-	248	248
Other disposal operations	221	319	540	331	324	655	168	235	403	325	279	604
Total	234	339	573	353	341	694	169	251	420	336	761	1,097



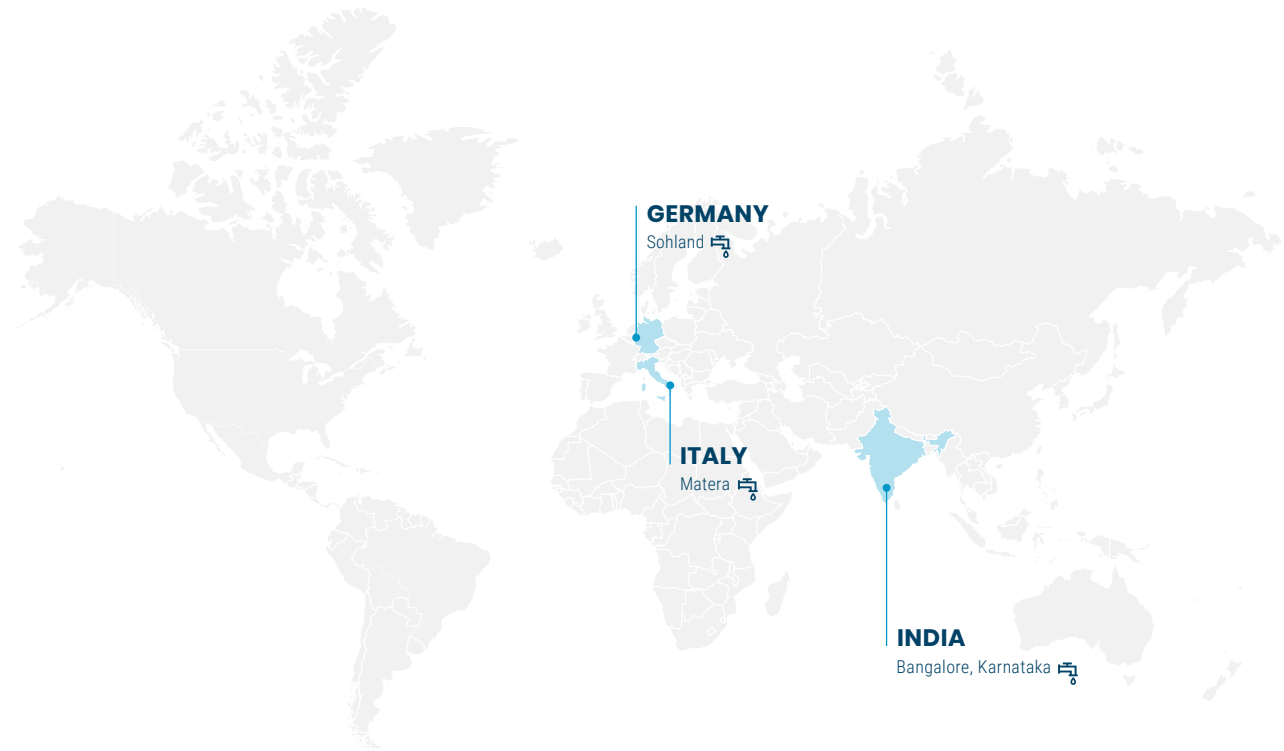
26 - Note that hazardous and non-hazardous waste is disposed of at external sites.

WATER MANAGEMENT

The Company defined water resource management as a material aspect of its sustainable development, as well as being of particular relevance to the future of communities and the protection of the planet. With this in mind, the Company aims to limit the withdrawal of water resources for production processes through projects to reduce demand and reuse, minimizing the environmental impact in the area.

At the various 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. In line with previous years, all production sites monitor water supply index trends on a monthly basis regardless of plant size and local water availability.

The goal is to conserve water, considering that some of the production units are located in areas with very high **water stress**²⁷ (greater than 80%): Matera, Italy; Bangalore, India; and Sohland, Germany. Moreover, the German Lohmar site borders a protected nature area.



27 - 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.

At the Group's sites, water is supplied almost entirely by aqueduct (93%), while use of wells is very low (7%).²⁸ The entire amount of water classified as other types of water is collected at the Indian plant.

WATER WITHDRAWAL BY SOURCE (ML)	2020		2021		2022 C		2022	
	Total	Water stress areas	Total	Water stress areas	Total	Water stress areas	Total	Water stress areas
Groundwater / Wells	5.45	-	3.94	-	3.45	-	3.45	-
freshwater	4.68	-	2.63	-	2.16	-	2.16	-
other types of water	0.77 ^K	0.77 ^K	1.31	1.31	1.29	1.29	1.29	1.29
Third Party Water Resources / Public Aqueducts	19.17	0.54	22.40	-	23.25	-	49.05	-
freshwater	19.17	0.54	22.40	0.94	23.25	1.26	49.05	4.11
other types of water	-	-	-	-	-	-	-	-
Total	24.62	1.31	26.34	2.25	26.70	2.55	52.50	5.40

K - Monitoring and data collection of water withdrawals from the Indian plant have been active since September 2020. The plant draws its water from the well on the production site.

L - The reporting scope was expanded with the branch of Comer Industries do Brasil Ltda. No data available for water use at the Comer Industries UK Ltd site.

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 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 and processed at the site through the use of specific treatment plants.

The strong focus on reasonable and sustainable use of water resources is also expressed through the definition of impacts in relation to contamination risk. In order to guarantee the control and minimization of impacts, in the Company management system, special procedures and relative instructions were published and adopted that define the correct management of the resource in relation to the production context.

28 - At the Monguelfo and Lohmar plants there is an additional use of water from wells amounting to 726 ML solely for cooling the production machines, without any consumption or contamination. Specifically, at the Monguelfo plant the water flows through a continuous, closed circuit that consists of drawing water from the well and then returning it once it has traveled through the plant.



APPENDIX

SUSTAINABLE ACTIVITIES: THE TAXONOMY OF THE EUROPEAN UNION

					Criteria for substantial contribution		
Ref	1	2	3	4	5	6	11
ECONOMIC ACTIVITIES		CODE(S) ^A	ABSOLUTE TURNOVER	SHARE OF TURNOVER	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	CLIMATE CHANGE MITIGATION
Measuring unit			Euros	%	%	%	Y/N
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
	Manufacture of planetary gearboxes for wind turbine generators	3.1 ^B	€ 47,941,730	4%	100%	0%	S
	Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€ 47,941,730	4%	100%	0%	
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)							
	N/A		€ 0	0%			
	Turnover of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		€ 0	0%			
	Total (A.1 + A.2)		€ 47,941,730	4%			
B. Taxonomy non-eligible activities							
	Turnover of Taxonomy non-eligible activities (B)		€ 1,189,634,625	96%			
	TOTAL (A + B)		€ 1,237,576,355	100%			

A - Reference to EU Delegated Regulation 2021/2139 of June 4, 2021.

B - Manufacture of renewable energy technologies.

Criteria for "not causing significant harm"								
12	13	14	15	16	17	18	20	21
CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY AND ECOSYSTEMS	MINIMUM SAFEGUARDS	SHARE OF SALES ALIGNED WITH THE TAXONOMY, YEAR N	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITION ACTIVITY)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	A	T
S	S	S	S	S	S	4%	A	
						4%	A	
						4%		

					Criteria for substantial contribution		
Ref	1	2	3	4	5	6	II
ECONOMIC ACTIVITIES		CODE(S) ^b	ABSOLUTE CAPITAL EXPENDITURES	SHARE OF CAPITAL EXPENDITURES	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	CLIMATE CHANGE MITIGATION
Measuring unit			Euros	%	%	%	Y/N
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)^a							
	Manufacture of planetary gearboxes for wind turbine generators ^b	3.1 ^c	€ 0.00	0%	0%	0%	S
	Other Taxonomy-aligned capital expenditures ^f	7.3, 7.4, 7.5, 7.6 ^e	€ 791,364	100%	100%	0%	S
	Capital expenditures of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€ 791,364	100%	100%	0%	
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)							
	N/A	-	€ 0	0%			
	Capital expenditures of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		€ 0	0%			
	Total (A.1 + A.2)	3.1; 7.3, 7.4, 7.5, 7.6	€ 791,364	2%			
B. Taxonomy non-eligible activities							
	Capital expenditures of Taxonomy non-eligible activities (B) ^g		€ 45,377,708	98%			
	TOTAL (A + B)		€ 46,169,072	100%			

A - Reference to EU Delegated Regulation 2021/2139 of June 4, 2021.

B - At present, Comer Industries has no plan to expand economic activities aligned with the Taxonomy.

C - 3.1 Manufacture of renewable energy technologies.

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

E - EU Delegated Regulation 2021/2178 - Annex I, para. 1.1.2.2 c).

F - 7.3 Installation, maintenance, and repair of energy efficiency devices; 7.4 Installation, maintenance, and repair of electric vehicle charging stations in buildings (and in parking spaces pertaining to buildings); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings; 7.6 Installation, maintenance and repair of renewable energy technologies.

G - EU Delegated Regulation 2021/2178 - Annex I, para. 1.1.2.1.

Criteria for "not causing significant harm"								
12	13	14	15	16	17	18	20	21
CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY AND ECOSYSTEMS	MINIMUM SAFEGUARDS	SHARE OF CAPITAL EXPENDITURE ALIGNED WITH THE TAXONOMY, YEAR N	CATEGORY (ENABLING ACTIVITY)	CATEGORY (TRANSITION ACTIVITY)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	A	T
S	S	S	S	S	S	0%	A	
S	S	S	S	S	S	2%		
						2%		
						0%		
						2%		

					Criteria for substantial contribution		
Ref	1	2	3	4	5	6	II
ECONOMIC ACTIVITIES		CODE(S) ^A	ABSOLUTE OPERATING EXPENSES	SHARE OF ABSOLUTE OPERATING EXPENSES	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	CLIMATE CHANGE MITIGATION
Measuring unit			Euros	%	%	%	Y/N
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)^B							
	Manufacture of planetary gearboxes for wind turbine generators ^D	3.1 ^C	€ 0	0%	0%	0%	S
	Other Taxonomy-aligned operating expenses ^E	7.3, 7.4, 7.5, 7.6 ^F	€ 3,165,474	100%	100%	0%	S
	Operating expenses of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€ 3,165,474	100%	100%	0%	
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)							
	N/A	-	€ 0	0%			
	Operating expenses of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		€ 0	0%			
	Total (A.1 + A.2)	3.1; 7.3, 7.4, 7.5, 7.6	€ 3,165,474	53%			
B. Taxonomy non-eligible activities							
	Operating expenses of Taxonomy non-eligible activities (B) ^G		€ 2,765,606	47%			
	TOTAL (A + B)		€ 5,931,080	100%			

A - Reference to EU Delegated Regulation 2021/2139 of June 4, 2021.

B - At present, Comer Industries has no plan to expand economic activities aligned with the taxonomy ("CapEx plan").

C - 3.1 Manufacture of renewable energy technologies.

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

E - EU Delegated Regulation 2021/2178 - Annex I, para. 1.1.3.2 c).

F - 7.3 Installation, maintenance, and repair of energy efficiency devices; 7.4 Installation, maintenance, and repair of electric vehicle charging stations in buildings (and in parking spaces pertaining to buildings); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings; 7.6 Installation, maintenance and repair of renewable energy technologies.

G - EU Delegated Regulation 2021/2178 - Annex I, para. 1.1.3.1.

THE MATERIALITY ANALYSIS

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

MATERIAL TOPIC	PERIMETER		STAKEHOLDERS INVOLVED	REFERENCE AREAS LEGISLATIVE DECREE 254/2016	GRI STANDARD
	IMPACT	INVOLVEMENT			
Governance					
Ethics and integrity in business	Comer Industries	Generated by the Group	Shareholders, Banks and Investors, Public Administration	Fight against active and passive corruption Respect for human rights	GRI 205-1 GRI 205-3 GRI 206-1
Compliance	Comer Industries	Generated by the Group	Shareholders, Banks and Investors, Public Administration	Social	GRI 207-1 GRI 207-2 GRI 207-3 GRI 207-4
Risk management	Comer Industries	Generated by the Group	All stakeholders	Fight against active and passive corruption Respect for human rights Social Personnel Environment	N/A
Security of personal data and information	Comer Industries	Generated by the Group	All stakeholders	Respect for human rights	GRI 418-1
Digitization	Comer Industries	Generated by the Group		Social	N/A
Business continuity	Comer Industries	Generated by the Group	All stakeholders	Social	N/A
Social					
Occupational health and safety	Employees and contractors ⁴ of Comer Industries	Generated by the Group	Employees, Outsourced workers, Trade Unions and Workers' representatives	Personnel	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8 GRI 403-9 GRI 403-10
Human capital and employee well-being	Employees and outsourced workers of Comer Industries	Generated by the Group	Employees, Outsourced workers, Trade Unions and Workers' representatives	Personnel	GRI 401-1 GRI 406-1
Personnel training and development	Employees and outsourced workers of Comer Industries	Generated by the Group	Employees, Outsourced workers, Trade Unions and Workers' representatives	Personnel	GRI 404-1 GRI 404-3
Diversity and equal opportunities	Comer Industries employees	Generated by the Group	Employees, Trade Unions and Workers' Representatives	Personnel Respect for human rights	GRI 405-1 GRI 405-2
Human rights and fair labor practices	Comer Industries	Generated by the Group and related to the Group through its commercial relationships	All stakeholders	Personnel Respect for human rights	GRI 407-1 GRI 408-1 GRI 409-1

Environmental					
Effective and efficient energy management	Comer Industries	Generated by the Group and related to the Group through its commercial relationships	All stakeholders	Environment	GRI 302-1 GRI 302-3
Emissions and climate change	Comer Industries Suppliers of electricity	Generated by the Group and related to the Group through its commercial relationships	All stakeholders	Environment	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-7
Responsible use of water resources	Comer Industries	Generated by the Group	All stakeholders	Environment	GRI 303-1 GRI 303-2 GRI 303-3
Responsible waste management	Comer Industries	Generated by the Group	All stakeholders	Environment	GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5
Environmental impact of products	Comer Industries	Generated by the Group and to which the Group contributes	All stakeholders	Environment	GRI 301-2 GRI 301-3
Supply chain					
Supply chain sustainability and responsibility	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 204-1 GRI 308-1 GRI 414-1
Economic					
Economic value generated and distributed	Comer Industries	Generated by the Group	Shareholders and financial community	Social	GRI 201-1
Product					
Product quality and safety	Comer Industries, direct customers	Generated by the Group	Customers	Social	GRI 416-1 GRI 416-2
Product/service innovation	Comer Industries, direct customers	Generated by the Group	Customers	Social	N/A

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

PREPARATION OF IMPACTS AND RELATED ISSUES

IMPACTS	ESG FRAMEWORK	STATUS	EVALUATION	MATERIAL TOPIC
Possible loss of opportunities due to failure to identify them. Discrepancy between Company goals and policies and mission and vision. Stops in delivery and production due to reduced performance. Possible loss of information and inefficient management of the tracking system.	Governance	Potential	Negative	Business continuity
Impact on performance or occupational health, especially for people working in processes with significant risk created by lack of consistent feedback.	People & Human Rights	Current	Negative	Human capital and employee well-being
Failure to comply with ISO-UNI-DIN contract standards and regulations in terms of fiscal governance, control and risk management with KPIs inconsistent with policies.	Governance	Potential	Negative	Compliance
Conflict between the procedures of different sites regarding integration risk.	Governance	Potential	Negative	Digitization
Creation of a favorable business climate that aims at good personnel and workforce management.	People & Human Rights	Potential	Positive	Human rights and fair labor practices
Responsibility in case of issues related to the diversity of the people involved.	People & Human Rights	Potential	Positive	Diversity and equal opportunities
Injuries and property damage related to extreme events.	Environment	Potential	Negative	Emissions and climate change
Lack of consistency between employee perceptions, guidance, and references in policies and relationship with stakeholders with possible downgrade in ESG ratings.	Governance	Potential	Negative	Ethics and integrity in business
Creation of a clear skills mapping system for the dissemination of a climate conducive to personal growth.	People & Human Rights	Potential	Positive	Personnel training and development
Performance can affect the Company's attractiveness and affordability shared with stakeholders.	Governance	Current	Positive	Economic value generated and distributed
Production of emissions and risk of environmental inefficiencies.	Environment	Current	Negative	Effective and efficient energy management
Increased amount of electronic equipment and device waste and possible improperly executed waste disposal.	Environment	Potential	Negative	Responsible waste management
Energy and resource consumption.	Environment	Current	Negative	Environmental impact of products
Improved product performance through the study of scientific innovations and the development of specific skills.	Governance	Current	Positive	Product/service innovation
Responsibilities related to HSE issues at the time of testing or post-sales with inherent regulatory issues and performance reduction.	People & Human Rights	Current	Negative	Product quality and safety

Difficult mitigation of insurance companies for some types of issues governed by extreme uncertainty.	Governance	Potential	Negative	Risk management
Rising employee health hazards due to disconnection of QHSE goals not integrated into the strategy.	People & Human Rights	Potential	Negative	Occupational health and safety
Possible loss of information due to late detection of non-compliance in customer agreements.	Governance	Current	Negative	Security of personal data and information
Development of a sustainable supply chain in terms of respect for human rights and the environmental impact of logistics flows.	Governance	Potential	Positive	Supply chain sustainability and responsibility
Possible losses due to inefficient equipment management.	Environment	Potential	Negative	Responsible use of water resources

PEOPLE

Below is the distribution of outsourced workers by contract.

	2020				2021				2022			
	F	M	Tot	%	F	M	Tot	%	F	M	Tot	%
Fixed term	1	224	225	84	19	356	375	91	44	401	445	79
Permanent	0	42	42	16	-	39	39	9	13	107	120	21
Total	1	266	267	100	19	395	414	100	57	508	565	100
% of Total	1	99	100	-	5	95	100	-	10	90	100	-

	2020					2021					2022				
	IT	DE	US	CN	RW	IT	DE	US	CN	RW	IT	DE	US	CN	RW
Fixed term	155	-	-	31	39	285	-	-	59	31	254	75	37	31	48
Permanent	41	-	-	1	-	39	-	-	-	-	120	-	-	-	-
Total	196	0	0	32	39	324	0	0	59	31	374	75	37	31	48
% of Total	73.4%	0.0%	0.0%	12.0%	14.6%	78.3%	0.0%	0.0%	14.3%	7.5%	66.2%	13.3%	6.5%	5.5%	8.5%

TRAINING IN THE COMPANY

Below are the training hours per employee for outsourced workers.

	2020			2021			2022		
	F	M	Tot	F	M	Tot	F	M	Tot
Managerial	-	-	-	-	-	-	0.1	0.4	0.3
Safety	53	16	16	20	22	22	11	11	11
Technical	8	28	28	62	62	62	55	62	61
Other	25	2	2	-	-	-	0.2	0.2	0.2
Total	85	46	46	82	84	84	66	74	73

OCCUPATIONAL HEALTH AND SAFETY

EMPLOYEE INJURIES	2020	2021	2022
Number of fatalities as a result of work-related injury	-	-	-
Number of high-consequence work-related injuries (excluding fatalities)	-	-	-
Bruising	-	-	-
Dislocation-Distracted-Distortion-Crushing	-	-	-
Injury from other agents	-	-	-
Foreign bodies	-	-	-
Strain injuries	-	-	-
Wound, cut, splinters	-	-	-
Other	-	-	-
Total	-	-	-
Number of no high-consequence work-related injuries			
Bruising	4	6	17
Dislocation-Distracted-Distortion-Crushing	4	8	12
Injury from other agents	-	-	1
Foreign bodies	1	-	-

Strain injuries	-	-	11
Wound, cut, splinters	1	5	13
Other	2	5	7
Total	12	24	61
Number of recordable work-related injuries	12	24	61

NON-EMPLOYEE INJURIES	2020	2021	2022
Number of fatalities as a result of work-related injury	-	-	-
Number of high-consequence work-related injuries (excluding fatalities)	-	-	-
Bruising	-	-	-
Dislocation-Distracted-Distortion-Crushing	-	-	-
Injury from other agents	-	-	-
Foreign bodies	-	-	-
Strain injuries	-	-	-
Wound, cut, splinters	-	-	-
Other	-	-	-
Total	-	-	-
Number of no high-consequence work-related injuries			
Bruising	-	2	11
Dislocation-Distracted-Distortion-Crushing	6	5	2
Injury from other agents	-	-	-
Foreign bodies	-	2	-
Strain injuries	-	-	2
Wound, cut, splinters	-	2	6
Other	-	1	2
Total	6	12	23
Number of recordable work-related injuries	6	12	23

ENERGY MANAGEMENT

INTERNAL ENERGY CONSUMPTION - (TOTAL BY GEOGRAPHICAL AREA) (GJ)	2020	2021	2022
Italy	110,136	123,206	143,232
Germany	-	-	132,737
USA	5,555	4,895	46,771
ROW	16,673	22,774	33,531
Total	132,364	150,875	356,271

CLIMATE CHANGE AND EMISSIONS MANAGEMENT

DIRECT EMISSIONS GHG SCOPE 1 (t CO ₂ e)	2020	2021	2022
Italy	2,812	4,140	3,343
Germany	-	-	4,258
USA	272	228	1,223
ROW	324	707	632
Total	3,408	5,075	9,456

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

DIRECT GHG SCOPE 2 LOCATION BASED (t CO ₂ E) ₂ e EMISSIONS	2020	2021	2022
Italy	3,788	3,882	5,439
Germany	-	-	6,218
USA	95	80	3,058
ROW	731	898	1,584
Total	4,614	4,860	16,299

Source of Scope 2 location-based emission factors: Italy (<http://www.sinanet.isprambiente.it>), USA (<https://www.epa.gov/egrid>), China, India, and Brazil (<https://www.iea.org>), UK (<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>), Germany (<https://www.umweltbundesamt.de>).

DIRECT GHG SCOPE 2 MARKET BASED (t CO ₂ e) ₂ e EMISSIONS	2020	2021	2022
Italy	6,519	4,779	2,833
Germany	-	-	8,979
USA	95	86	2,870
ROW	731	900	1,586
Total	7,345	5,765	16,268

Source of Scope 2 market-based emission factors: Italy, Germany and UK (<https://www.aib-net.org>, the emissions are expressed in tonnes of CO₂e, as the percentage of methane and nitrogen oxide has a negligible effect on total greenhouse gas emissions as can be inferred from the relevant technical literature), USA (<https://www.green-e.org>), China, India, and Brazil (<https://www.iea.org>).

GRI CONTENT INDEX

The GRI Standards published in 2021 were used for the 2022 NFS.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGES	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENTS OMISSIONS	REASON	EXPLANATION	
General information						
GRI 2: General information 2021	2-1 Organizational details	16				
	2-2 Entities included in the organization's sustainability reporting	16-17				
	2-3 Reporting period, frequency, and point of contact	12				
	2-4 Restatements of information	12, 142-144				
	2-5 External assurance	142-144				
	2-6 Activities, value chain, and other business relationships	34-43				
	2-7 Employees	80-82				
	2-8 Non-employee workers	80				
	2-9 Governance structure and composition	52-55				
	2-10 Nominating and selecting the highest governance body	52				
	2-11 Chair of the highest governance body	52				
	2-12 Role of highest governance body in impact management control	53-54				
	2-13 Delegation of responsibility for impact management	54				
	2-14 Role of the highest governance body in sustainability reporting	53-54				
	2-15 Conflicts of interest	53				
	2-16 Communication of critical issues	54-55				

GRI 2: General information 2021	2-17 Collective knowledge of the highest governance body	53-54	
	2-18 Evaluating the highest governance body's performance	-	Disclosure 2-18 was not reported for confidentiality reasons. In this regard, Comer Industries has no public disclosure regarding remuneration and is not subject to any regulatory requirements.
	2-19 Remuneration policies	-	Disclosure 2-19 was not reported for confidentiality reasons. In this regard, Comer Industries has no public disclosure regarding remuneration and is not subject to any regulatory requirements.
	2-20 Process for determining remuneration	-	Disclosure 2-20 was not reported for confidentiality reasons. In this regard, Comer Industries has no public disclosure regarding remuneration and is not subject to any regulatory requirements.
	2-21 Annual total compensation ratio	-	Disclosure 2-21 was not reported for confidentiality reasons. In this regard, Comer Industries has no public disclosure regarding remuneration and is not subject to any regulatory requirements.
	2-22 Declaration on the sustainable development strategy	6-9	
	2-23 Policy commitment	54, 57-59	
	2-24 Integration of policy commitments	54, 57-59	
	2-25 Processes aimed at remedying negative impacts	63-64	
	2-26 Mechanisms for seeking clarification and raising concerns	59	
2-27 Compliance with laws and regulations	59		
2-28 Membership in associations	55-56		
2-29 Approach to stakeholder engagement	28		
2-30 Collective bargaining	79		

MATERIAL TOPICS			
GRI 3: Material topics 2021	3-1 Process of determining material topics	27-28	N/A
	3-2 List of material topics	29-31	N/A
Ethics and integrity in business management			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 57-66	N/A
GRI 205: Anti-corruption 2016	205-1 Operations assessed to determine the risks related to corruption	57-62	N/A
	205-3 Confirmed incidents of corruption and actions taken	58	N/A
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	57-62	N/A
Compliance			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 67-68	N/A
GRI 207: Taxes 2019	207-1 Approach to tax	67-68	N/A
	207-2 Tax governance, control and risk management	67-68	N/A
	207-3 Stakeholder engagement and management of tax-related matters	67-68	N/A
	207-4 Country-by-country reporting		Information not available as the process of integrating information collection due to recent acquisitions is nearing completion. The information will be included in the 2023 reporting.
Risk management			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 63-65	N/A
Security of personal data and information			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 60, 64	N/A
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	59	N/A
Digitization			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 108	N/A

Business continuity			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 66	N/A
Occupational health and safety			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 94-98	N/A
GRI 403: Occupational health and safety	403-1 Occupational health and safety management system	94-95	N/A
	403-2 Hazard identification, risk assessment, and incident investigation	94-95	N/A
	403-3 Occupational health services	95	N/A
	403-4 Worker participation, consultation, and communication on occupational health and safety	94-95	N/A
	403-5 Worker training on occupational health and safety	92-93	N/A
	403-6 Promotion of worker health	94-95	N/A
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	94-95	N/A
	403-8 Workers covered by an occupational health and safety management system	94	N/A
	403-9 Work-related injuries	96-97	N/A
	403-10 Work-related ill health	98	N/A
Human capital and employee well-being			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 78-83	N/A
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	83	N/A
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	84	N/A
Personnel training and development			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 90-93	N/A

GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	93	N/A
	404-3 Percentage of employees receiving regular performance and career development reviews	85-86	N/A
Diversity and equal opportunities			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 84-87	N/A
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity within the organization's governance bodies and amongst employees	52-53, 84-85	N/A
	405-2 Ratio of basic salary and remuneration of women to men	86-87	N/A
Human rights and fair labor practices			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 88	N/A
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	88	N/A
GRI 408: Child labor	408-1 Operations and suppliers at significant risk for incidents of child labor	88	N/A
GRI 409: Forced or compulsory labor	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	88	N/A
Effective and efficient energy management			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 103-105	N/A
GRI 302: Energy 2016	302-1 Energy consumption within the organization	103-104	N/A
	302-3 Energy intensity	105	N/A
Emissions and climate change			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 106-112	N/A
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	108-109	N/A
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	108-109	N/A
	305-3 Other indirect GHG emissions (Scope 3)	111	N/A

GRI 305: Emissions 2016	305-4 GHG emission intensity	110	N/A
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant emissions	112	N/A
Responsible use of water resources			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 117-118	N/A
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	117-118	N/A
	303-2 Management of water discharge-related impacts	118	N/A
	303-3 Water withdrawal	118	N/A
Responsible waste management			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 113-116	N/A
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	113-115	N/A
	306-2 Management of significant waste-related impacts	115-116	N/A
	306-3 Waste generated	113-115	N/A
	306-4 Waste diverted from disposal	115-116	N/A
	306-5 Waste directed to disposal	115-116	N/A
Environmental impact of products			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 36-40	N/A
GRI 301: Materials 2016	301-2 Materials used that come from recycling	38-40	N/A
	301-3 Recovered or reclaimed products and related packaging materials	38-40	N/A
Supply chain sustainability and responsibility			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 41-43	N/A
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	43	N/A
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	41-42	N/A

GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	41-42	N/A
Economic value generated and distributed			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 72-73	N/A
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	72-73	N/A
Product quality and safety			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 35-40	N/A
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts for product and service categories	35-40	N/A
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	39	N/A
Product/service innovation			
GRI 3: Material topics 2021	3-3 Management of material topics	30-31, 36-38	N/A

AUDITOR'S REPORT



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

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Comer Industries S.p.A. and its subsidiaries (hereinafter "Comer Group" or "Group") as of December 31, 2022 prepared, on a voluntary basis, *ex art. 4* of the Decree, and approved by the Board of Directors on March 21, 2023 (hereinafter "NFS").

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

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

The Directors are responsible for the preparation of the NFS 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"), which they have identified as reporting framework.

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

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

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

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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

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

Specifically we carried out the following procedures:

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

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4. understanding of the following matters:

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

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

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

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

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

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

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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, 2022 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Bologna, Italy
March 24, 2023

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



comer industries