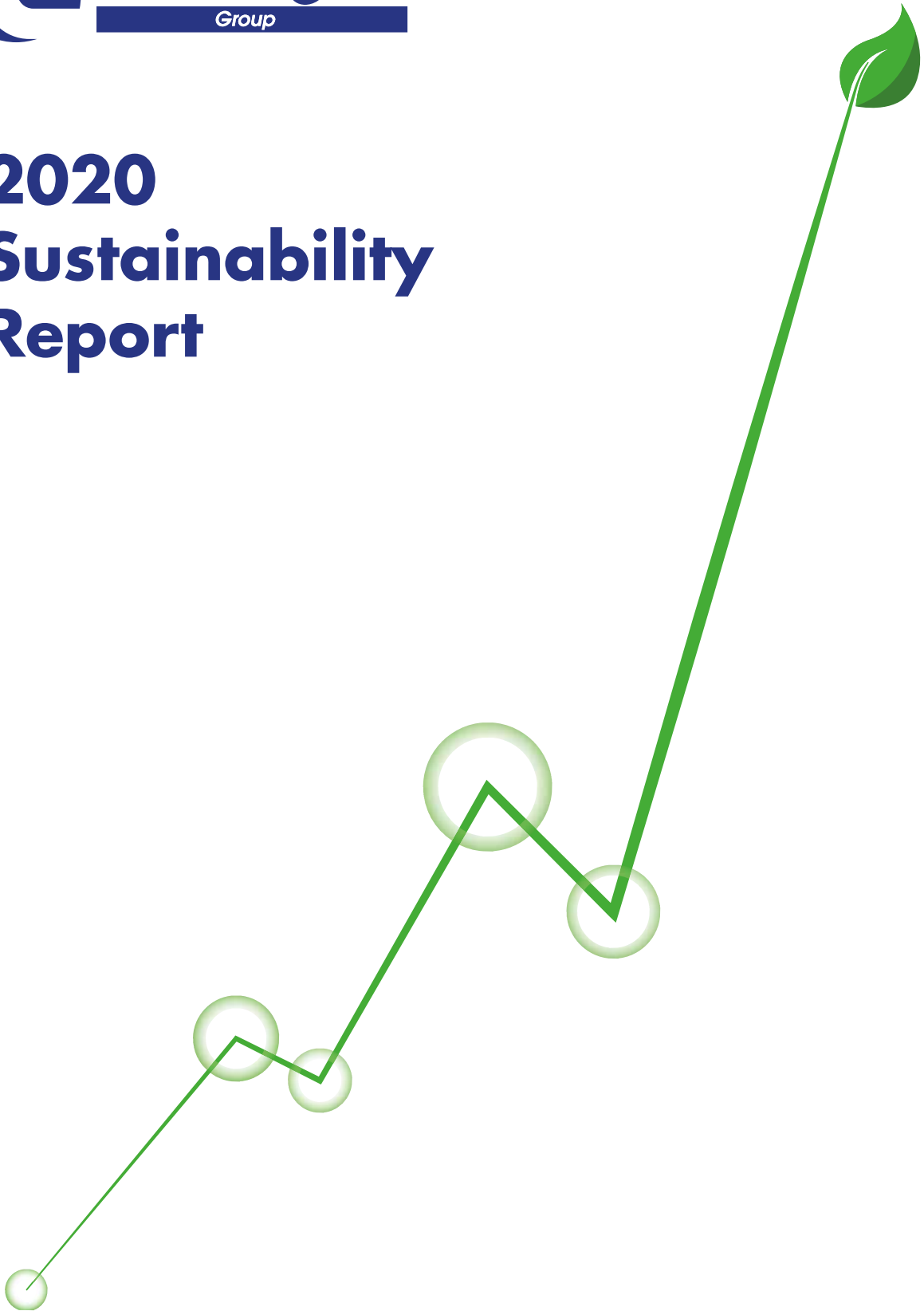




# 2020 Sustainability Report



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# LETTER TO THE STAKEHOLDERS

Dear Stakeholders,

For the second year in a row, we're pleased to present you with our 2020 Sustainability Report: the document in which Cornaglia Group reports its objectives, activities, and results in the field of sustainability and social responsibility, in order to share them with its collaborators, shareholders, customers, suppliers, and the communities of all the areas in which it operates.

This document provides an opportunity to celebrate the Group's corporate culture, and serves as yet another step towards the goal of offering complete and transparent information on the Group's strategy, with business processes that are increasingly attentive to these sustainability issues.

Cornaglia Group's winning strategy is focused on:

- the development of innovative technologies with the major car manufacturers in various business units and product lines;
- maintaining its market position in Europe;
- growth in North America, South America, and Asia.

The year 2020 was dominated by the Covid-19 pandemic: an unprecedented health crisis which, despite the our prompt response aimed at ensuring the health and safety of our employees and the conditions at our production plants, inevitably affected all of the Group's activities.

Moreover, after having experienced a crisis of this magnitude, we've become increasingly convinced that real progress can only be made through a shared commitment: that's why we continue to promote the culture of sustainability, as it helps further our goals of continuous innovation and quality improvement, while at the same time ensuring social responsibility at 360°.

This annual commitment to preparing the Sustainability Report represents an opportunity to reflect on our strengths, and, above all, to maintain an ongoing dialogue with our Stakeholders, in order to generate value that can be sustained over the long term.

SIGNATURE OF THE CHAIRMAN OF THE BOARD

*Roberto Cornaglia*

# METHODOLOGICAL NOTE

The purpose of this document is to report on the results achieved and the impacts generated during the course of the fiscal year 20 (from 1 January to 31 December 2020). In particular, Cornaglia S.p.A. (hereinafter "Cornaglia") has decided to voluntarily draw up its own Sustainability Report in compliance with the requirements of the Global Reporting Initiative Sustainability Reporting Standards established in 2016 by the Global Reporting Initiative ("GRI").

The Sustainability Report represents a transparent method for the Group to report the non-financial objectives it has achieved to its stakeholders. To this end, the Group has:

- identified its stakeholders;
- analysed its own sustainability context;
- conducted an analysis to determine the sustainability issues that are most relevant for the company and its stakeholders.

The chapter titled "CORNAGLIA GROUP" contains all the information and data regarding the Cornaglia Group companies, while the "SUSTAINABILITY" chapter only contains the sustainability reporting data and information referring to the company Officine Metallurgiche Cornaglia S.p.A. and, in particular, to the facilities located in Beinasco (TO), Villarbasse (TO) and Valfenera (AT), unless otherwise indicated. This document also describes the main activities conducted by the companies Cor-Filters S.r.l. and Cornaglia Sud S.r.l., which are affiliates of Officine Metallurgiche Cornaglia S.p.A., and the activities conducted by the company Plart Design S.r.l., an affiliate of the Cornaglia Group holding company MIA S.p.A.

It also describes the activities conducted by the "Johnny Cornaglia" Foundation established in 1993 at the behest of the Cornaglia family, which is not owned by the Group.

The data for the previous period (2019) are included in the Sustainability Report for comparative purposes, in order to allow the stakeholders to evaluate the activities' progress over time. To ensure the reliability of the data, the use of estimates has been limited as much as possible, and those utilised are based on the best methods available and are appropriately indicated.

The sustainability report project is overseen by Dr. Tommaso Cornaglia.

For any clarifications or further information that may be required regarding on the contents of this Sustainability Report, please contact: [sustainability@cornaglia.com](mailto:sustainability@cornaglia.com)

# CORNAGLIA GROUP

## A hundred-year history



1916

Giuseppe Cornaglia becomes a partner at Officine Metallurgiche Giletta. The company operates in the **sheet metal processing and trading sector**. This was the first step in a story that would span a hundred years.

1937

In 1937, Cornaglia took ownership of the company and was joined by his son Pier Antonio

1940

On 1 June 1940, Italy went to war. Pier Antonio Cornaglia was discharged from the service at the end of 1942, and manage to make an adventurous return to Turin, where earned his degree in engineering and married Anna Maria Cabiati. Their union would produce five children: Pier Mario, Valeria, Umberto, Giuseppe (known as Johnny), and Roberta.

1953

On 9 March 1953, the company assumed its official name: **Officine Metallurgiche G. Cornaglia**. Its founder, Sir Giuseppe Cornaglia, passed away on 16 July of the following year.

1961

The Beinasco plant was built in 1961, and Cortubi was established in 1967. The new brand of exhaust systems for cars and trucks reflected the company's need for diversification.

Pier Antonio Cornaglia's **entrepreneurial vision** was shared by his wife, Anna Maria Cabiati, who in 1964 established the IIT industrial laundry service, which is still operating today at many of Piedmont's major hospitals and retirement homes.

The 1970s

In the early years of the decade, a **new generation** of the Cornaglia family came to the helm. The first to join the company was Eng. Pier Mario, who was later followed by his brother Umberto, who had earned his degree in economics. The company Alcom was established in 1975, and was later incorporated into Cortubi. With the establishment of **Centro Ricerche di Brassicard** in 1978, Cornaglia demonstrated its propensity for the development of integrated production processes **and for the use of advanced technologies**.

The 1980s

A decisive turning point for Cornaglia was marked by its entry into the plastics sector, with the acquisition of Nalin and the creation of AC Rotomode. At the same time, the company also entered the After Market arena, offering a line of automotive clutches **intended for export**. The first initiative outside Turin was launched in 1982, with the creation of **Cortubi Sud**.

The 1990s

The company was establishing closer ties with **FIAT**, which purchased a 30% stake in Cornaglia and joined the group's management. In 1998 the family reaffirmed its unshakable bond with the company, and reacquired full ownership. At the same time, Cornaglia expanded its footprint in southern Italy with the establishment of **Cornaglia Sud** in Atessa, in 1991, and of **Pecoplast** in Salerno, in 1995.

The 2000s

In 2001, Cornaglia adopted a global strategy. The Group's **first foreign branches** were established between the late 1990s and the early 2000s. The Polish branch was established in 1998, followed by the **Romanian** branch in 2000, and the **Indian** branch in 2007. **Cor-Filters** was also established in 2007.

2010

Tommaso and Pier Antonio worked to **expand the Group's horizons throughout** Europe and around the world. Cornaglia thus began operating in **Turkey** in 2010, **Canada** in 2014, and **Brazil** in 2015. But the Group's focus on the Italian market never wavered.

2016

Cornaglia Group celebrated its 100th birthday.

## Generic information

Cornaglia Group is a leader in the development of advanced technological solutions for cars, light transport, industrial vehicles, and agricultural and earth-moving machinery, and is made up of the following companies: **Cornaglia S.p.A.**, **COR-Filters S.r.l.**, **Cornaglia Sud S.r.l.**, **Plart Design S.r.l.**, and **MIA S.p.A.**

The latter, the Group's holding company, provides services to the companies belonging to the Group. Cornaglia Group has eight plants in Italy. Cornaglia also has branches in various foreign countries, both within Europe, in Poland and Romania, and beyond Europe, in Turkey, Canada, India and Brazil.

## Mission & Vision

*"Our mission is to create value; our strength is innovation"*

The Group's **mission** is focused on three main areas: growth, the creation of added value, and customer satisfaction. Thanks to its relentless courage, and by integrating its processes with a spirit of **continuous improvement**, the Group has managed to anticipate the needs of the market and develop innovative and high value-added solutions for the automotive sector.

In order to pursue its mission, Cornaglia Group requires its employees to comply with the highest standards of conduct when carrying out their duties, as laid out in its Code of Ethics and Policies.

*"Passion, determination and innovation, from Italy to the rest of the world"*

The company's **vision** is centred around an ongoing commitment to **sustainability**: a priority upon which its own activities are based, and which it demands from

its entire supply chain, in order to actively contribute to the well-being of individuals, communities, and the entire planet.

## Governance




R. Cornaglia | President  
 P.M. Cornaglia | C.E.O.  
 U. Cornaglia | C.E.O.  
 S. Cassis | Board Member & Managing Director  
 L. Ciocca | Board Member  
 F. Rangoni | Board Member



Governance

## The Business

Cornaglia Group can be broken down into the following **product lines**:




**METAL COMPONENTS**  
Production of oil pans, tanks and moulded parts for chassis and bodywork, and battery coolers for electric vehicles.

**INTAKE SYSTEMS AND PLASTIC COMPONENTS**  
Production of intake systems, tank systems, urea lines, complete roofs, and passenger compartment components.

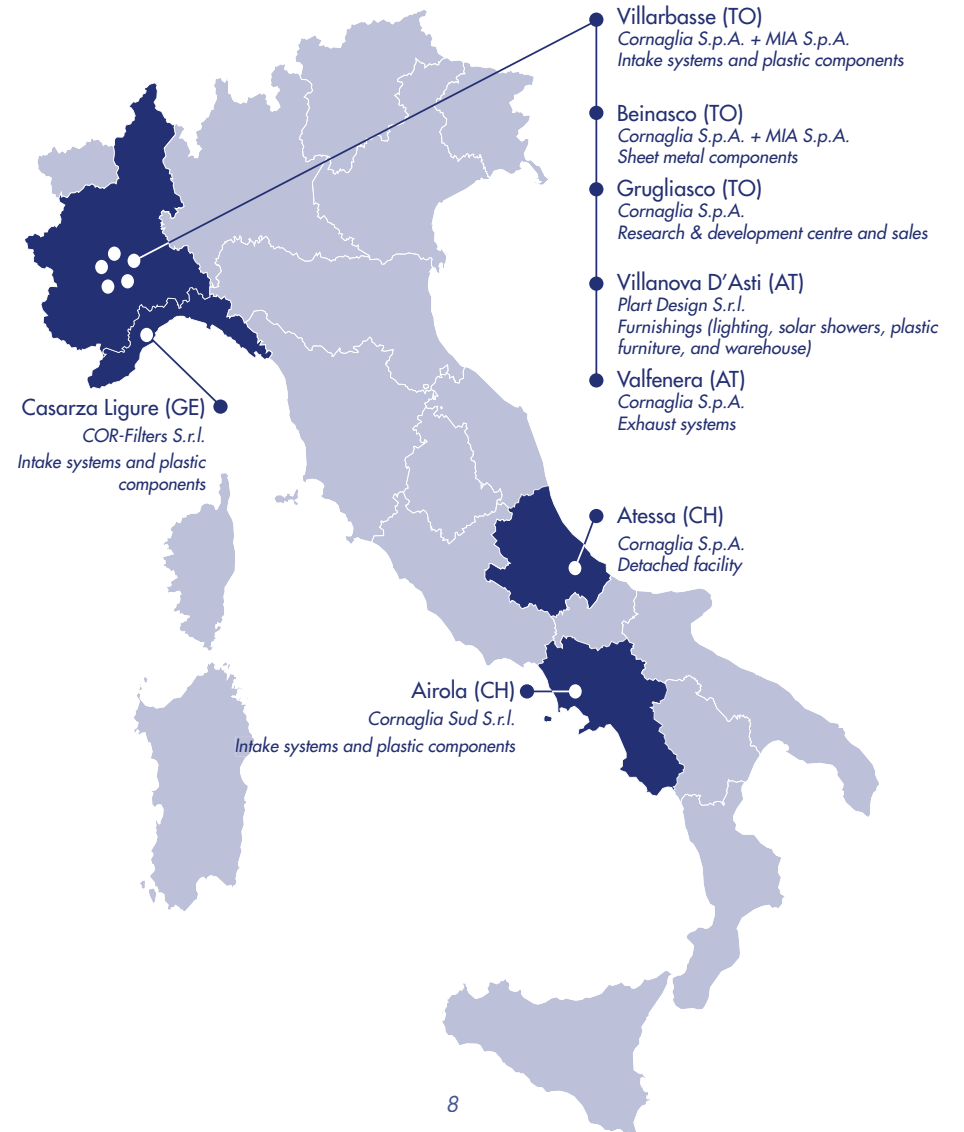



**EXHAUST SYSTEMS**  
Development and production of post-treatment systems for diesel engine exhaust fumes (DOC, DPF, SCR, SCRoF).

**FILTRATION**  
Air, engine and cabin filtration systems for the on-road, off-road, and power generation segments. Oil cartridges for automotive applications.



## The locations in Italy



## The locations abroad



## Code of Ethics & Anti-Corruption

In order clearly lay out the set of values that inspire it to achieve its objectives, following the entry into force of Italian Legislative Decree no. 231/2001 the Group prepared its own Code of Ethics<sup>2</sup>, which was adopted by resolution of the Board of Directors, and is required to be observed in order to ensure the Group's proper functioning, reliability, reputation, and image.

In fact, the Code of Ethics an integral part of the Organisational Model that the Group has adopted, implemented, and keeps constantly up-to-date.

The Code of Ethics contains a set of ethical and social rules that must be respected by the directors, by all the Group company employees, and by all individuals who engage in any type of relationship with one of the Group's companies. In addition to the possibility of requesting a copy from the Human Resources Department, the Legal Department or the Supervisory Body (SB), the recipients can also view it on the notice boards in the work areas, and on the Group's website at [www.cornaglia.com](http://www.cornaglia.com), where it can be freely downloaded. Each employee has the possibility of reporting any conduct in violation of the code of ethics, even anonymously. For this purpose, special boxes for

submitting reports are present at all the Group's facilities, which are checked monthly by the appointed officers. Any reports submitted are immediately delivered to the Supervisory Body, which determines how they will be handled and investigated based on the type of report in question.

The Group conducts its business relations in accordance with the principles of legality, loyalty, integrity, transparency, and good faith. For this reason, it is forbidden for employees and any other recipients to offer any commercial gifts or other benefits that could constitute violations of laws or regulations, or that are in conflict with the Code of Ethics, or that, if made public, could be potentially compromising to the Group or its image. Furthermore, the recipients must never engage in any behaviour that might imply corruption or the laundering of proceeds from criminal activities, in anyway, shape, or form. The Group and its employees must always research any information available about potential commercial counterparts before establishing business relationships with them, in order to verify their respectability and the legitimacy of their business dealings. Finally, it should be noted that no instances of corruption were reported in 2020.

<sup>2</sup> Latest update: Edition 02 approved by resolution of the Board of Directors of 20 June 2019

In order to prevent any potential instances of corruption, the Group holds training bi-monthly training sessions on the contents of the company's Code of Ethics for all employees holding managerial roles. The employee training campaign was not able to be launched in 2020

due to the pandemic. This activity was launched in April of 2021. The Group requires all Recipients of the Code of Ethics to observe the following **policies** during the conduct of their business activities:

#### LEGAL COMPLIANCE

The Group guarantees compliance with the laws and regulations in force in all the countries in which it conducts its business activities.

#### CENTRALITY OF THE INDIVIDUAL

Respect for the physical and moral integrity of the individual is the primary interest that the Group is committed to protecting. To this end, the Group guarantees safe and healthy work environments and working conditions that respect individual dignity, and is committed to promoting a culture free of any harassment and/or discrimination.

#### FAIRNESS AND HONESTY

The Group requires every operation and transaction carried out by each director, employee, collaborator, and every other individual operating within the Group, to be consistent with the principles of fairness, honesty and good faith.

#### CONFLICTS OF INTEREST

A conflict of interest occurs when an individual's decisions are affected by his/her private interests and/or any benefits to be gained. For this reason, any decisions made by the recipients during the performance of their activities and/or assignments must be made exclusively in the interests of the Group. The recipients must immediately report any situation that might constitute or could potentially lead to a conflict of interest to their superiors.

#### CONFIDENTIALITY

The Group ensures the confidentiality of any sensitive information and data in its possession, and compliance with the personal data protection legislation. It likewise requires its employees and anyone with whom it entertains relations not to disclose any information of which they may come to have knowledge of during the course of their work activities.

## Privacy

In order to ensure compliance with the regulatory requirements on the protection of personal data and the **confidentiality of the personal data** of its customers, the company provides adequate **training** for subjects assigned to personal data processing activities on a bi-annual basis, and has adopted **suitable technical**

**and organisational measures** aimed at preventing the loss or unlawful use of data, or unauthorised access to the same.

It should be noted that no reports concerning the loss or improper use of data, or unauthorised access to the same, were received in 2020.



The bi-annual training plan for all employees who process personal data will be launched in September of 2021.

## Anti-discrimination

The Group has adopted a system of sanctions intended to **punish intimidation**, harassment, and any other offensive conduct towards colleagues or collaborators aimed at marginalising or discrediting them at the workplace, for any reason.

unacceptable. Cornaglia undertakes to evaluate the **degree to which its individual employees (managers, middle managers, office workers and factory workers) contribute** to the achievement of the company's goals, regardless of whether these contributions are made by men or women.

The Group also considers any type of harassment and/or unwanted behaviour that has the intent and effect of offending the **dignity** of the individual to whom such harassment or behaviour is directed, both inside and outside the workplace, to be deplorable and entirely

The Group participates in annual salary surveys conducted by the Industrial Union of Turin in order to assess the proper remuneration of its human resources based on their positions and seniority held.



No instances of discrimination occurred during the course of 2020.



## I Covid-19

### HANDLING OF THE PANDEMIC

The beginning of 2020 was marked by the onset of the Covid-19 pandemic, to which the Group promptly reacted in order to ensure **operational continuity**, placing the **health** and safety of our employees above all else.

Ever since the very start of the pandemic, the Company has closely monitored - and continues to monitor

- the spread of Covid-19 and all the relative **developments**, adopting all the necessary **measures** required by the regulatory provisions, with the aim of protecting individuals, while at the same time guaranteeing virus prevention, control, and containment at all of its locations and facilities.

### EMPLOYEE PROTECTION AND SAFETY

During the first half of 2020, the ongoing pandemic led the Group to rethink many of its activities, especially with regard to certain aspects relating to workplace **health and safety**.

In order to ensure a smooth resumption of the work activities, the Safety & Environment Authority has laid out the measures necessary for a safe recovery, providing clear indications of conduct to be adopted by all employees, through the stipulation of specific agreements

with trade union representatives. To ensure the safety of all its employees and collaborators, the Group has introduced specific safety measures at its facilities, including body temperature checks at the entrance, social distancing, the use of adequate personal protective equipment, the redistribution of the workstations and common areas, and the daily cleaning and sanitisation of the work areas.



In order to protect the health of its employees, the company has taken out an insurance policy for hospitalisations resulting from Covid-19.

# THE JOHNNY CORNAGLIA FOUNDATION

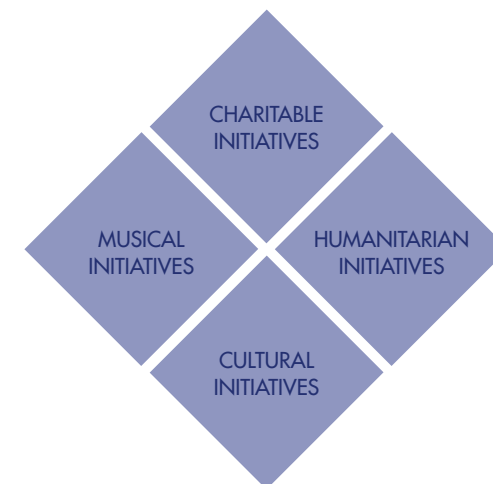
In 1993, at the behest of the Cornaglia family, a non-profit Foundation was founded to honour the memory of the owners' sibling Giuseppe "Johnny" Cornaglia, who died prematurely, and to celebrate the same values that upheld during his short lifetime: kindness, generosity, and altruism.

The Foundation periodically promotes various charitable initiatives, especially for young people, and mainly in the following sectors:

- Public benefits
- Health care
- Cultural heritage
- Educational, sporting, and cultural promotion activities

In 2020, a total of approximately **€ 15,000.00** in funds were donated to charitable activities.

In particular, contributions were made to the Crescere Insieme al Sant'Anna Foundation, to the S.G. Bosco Hospital of Turin for the purchase of Covid-19 surgical gowns, and to the "Sportdipiù" Sports Association dedicated to assisting the disabled.





# PLART DESIGN SRL

## The ricicli-AMO project

In order to reduce emissions and waste at all of its facilities, the Group collaborated with Plart Design (a Group company specialising in the production of eco-design products) to launch the ricicli-AMO initiative: a circular economy project whose goal is to give a production waste a second chance at life, and to encourage the business community to view **sustainability** not only as an ethical choice, but also as an opportunity. The ricicli-AMO project arose from the idea of producing innovative high-tech rotational moulding

products using post-consumer recycled plastic. For this purpose, an important agreement was signed with **L'Oreal Saipo Industriale** for a project aimed at recovering production waste and end-of-life containers in order to transform them into plastic material for the production of collection bins to be re-utilised within the factories.

Through innovation and R&D, the company has developed powder products for use with rotational moulding: a true innovation for the sustainable production of durable goods.

### 4. FINISHED PRODUCT AND RETURN

Delivery of the finished products and completion of the cycle

### 1. ANALYSIS

Analysis of plastic material in use and operational proposal



### 3. PRODUCTION

Receipt, processing and production of the new agreed products

### 2. COLLECTION AND PREPARATION

Preliminary processing of the plastic waste collected and regeneration of the material

**857,432 kg**  
of raw material regenerated and reintroduced into the cycle for the production of pipes for irrigation, designer furnishings, pallets, and waste bins.

**1005 Tonnes**  
of CO<sub>2</sub> avoided due to lack of disposal

**1089 Tonnes**  
of CO<sub>2</sub> avoided for raw material production

# COR-FILTERS S.R.L.

Cor-Filters S.r.l. is a Group company that specialises in the production of filter elements for cars, industrial vehicles, and other motor vehicles. This product, represents the "heart" of the intake system produced by the plastic components product line, and allows for the entire value chain of the intake system to be controlled. The company operates on both the original equipment market, as well as the after market.

In 2020, with the support of the Research Centre, the company continued carrying out important projects aimed at conquering new major market sectors at its facility in Casarza Ligure:

- research and technical development of an air filter for an intake system intended for use in earth-moving machinery;
- development of a new solution for a fuel filter for N6-4V N4-4V FPT (IVECO) engines consisting of two cartridges contained within a plastic housing;
- research and technical development of a new filtration system characterised by the use of synthetic materials rather than cellulose;
- research and technical development of a tractor cab air filter compliant with the EN 15695/2 standard;
- research and technical development of an anti-pathogen filter;

- experimental development of a solvent-free release agent, a more sustainable product that reduces exposure to risks, for the safety and health of workers;
- technical research for the implementation of a water cutting solution to accompany the already consolidated laser cutting solution, for the production of irregularly-shaped filter packs;
- pre-competitive development of a new circular air filter for the automotive sector;
- pre-competitive development of a new urea filter;
- development of a new air filter characterised by two distinct filter packs;

PV system with a power rating of 180 kWp

Zero injuries in 2020

About 38 tonnes of CO<sub>2</sub> avoided in 2020 thanks to the photovoltaic system

ISO 14001 Certified

-10% waste disposed of

# CORNAGLIA SUD S.R.L.

The Group company Cornaglia Sud S.r.l. essentially operates on the original equipment market.

Cornaglia Sud S.r.l. produces air intake systems for cars and industrial vehicles and bodywork components using the two main plastic material processing techniques: injection moulding and 3D blowing. The business is essentially concentrated on the original equipment market.

The reference market is represented by producers of commercial vehicles and cars for Southern Italy (FCA and Sevel factories in Cassino, Pomigliano, and Melfi). The product line developed by the company concerns intake systems and plastic components for cars and commercial vehicles.

In 2020, Cornaglia Sud was admitted to the call for tender titled "Pact for the Development of the Campania Region Fsc 2014 - 2020" aimed at

funding investments in new development opportunities. In particular:

- occupational and production development in geographical areas affected by a widespread production crises;
- reduction of energy consumption and emissions by businesses and integration of renewable sources;
- national and regional negotiated planning tools.

Zero injuries in 2020
ISO 14001 Certified
-2,000 cubic metres of water utilised
-14% electricity consumed in 2020
PV system with a power rating of 798 kWp
About 128 tonnes of CO2 avoided in 2020 thanks to the photovoltaic system

# SUSTAINABILITY

After providing an initial description of the Group's approach to sustainability, the various sections of this chapter will address the following topics: the workforce, equal opportunities, training and capitalisation of talent, safety and environmental management system, health and safety, raw materials, energy consumption and emissions, waste, water, the supply chain, product quality and innovation.

## Approach to sustainability

Cornaglia Group has always been committed to ensuring an appropriate balance between the Group's various activities and the environmental, social and economic impacts they have on the environment and society. Today, this commitment has taken on the form of an important sustainability program aimed at developing and maintaining a **relationship of mutual trust** with all of the Group's **stakeholders**. The approach adopted is based on the continuous

improvement of these interactions, so that the company's pre-established goals are achieved taking the interests of each category into account, and in compliance with the current laws and the **principles** of honesty, impartiality, reliability, loyalty, fairness, transparency and good faith. Cornaglia Group has identified **12 main categories** of stakeholders with which it interacts and maintains an ongoing and constructive dialogue.



For the purposes of preparing this Sustainability Report, Cornaglia Group conducted an analysis in order to determine the **sustainability issues** that are most relevant for the company and its stakeholders.

To this end, **17 issues** have been identified within **7 macro-areas** relevant for sustainability purposes. Brief descriptions of these issues are provided below:

### 1 - GOVERNANCE AND COMPLIANCE

**Governance and ethical business conduct:** implementation of an adequate corporate governance system based on appropriate corporate governance practices, and the adoption of management and organisation models, corporate policies, and internal procedures. Adoption of a Group approach that incorporates risk analysis and management into the corporate strategy. Ethical and transparent conduct of business activities.

### 2 - ECONOMIC RESPONSIBILITY

**Business development:** the promotion of a growth strategy aimed at developing new products and services and gaining access to new sectors, in order to anticipate new trends and to be competitive on the market, while at the same time increasing and strengthening the Group's offering and customer base.  
**Economic performance and sustainability value:** the promotion of sustainable economic performance that contributes to the redistribution of the economic value generated for the

Group's Stakeholders. Capitalisation of ESG elements to attract new investors and generate benefits for communities.

### 3 - CORPORATE SOCIAL RESPONSIBILITY

**Protection of and respect for human rights:** Activities and policies (e.g. 231 models, code of ethics, specific policies) for the protection of human rights (e.g. prevention of forced labour, prevention of child labour, freedom of association, etc.) throughout the entire value chain (at the level of suppliers, employees, and customers).

**Privacy protection:** Projects and initiatives aimed at safeguarding sensitive data and information, even for purposes of compliance with privacy laws and regulations, which also allow and guarantee high security standards in the management of the IT infrastructures.

**Social commitment and community relations:** Organisation and promotion of initiatives for the benefit of the territory aimed at disseminating the values of cohesiveness and solidarity. Programs and initiatives that aim to furthering the socio-economic development of the communities in which the Group operates through community engagement.

### 4 - PRODUCT RESPONSIBILITY

**Product quality and safety:** the provision of products that meet high quality standards and are capable of satisfying the customers' needs, while at the same time guaranteeing excellent performance and maximum safety in all their components.

**Product sustainability and Life Cycle Management:** incorporation of ESG elements into the characteristics of the

Group's products and services, and management of the product's life cycle by conducting product, activity and process impact assessments (e.g. LCA - Life Cycle Assessment).

**Sustainable mobility:** promotion of eco-sustainable technological innovation for the development of automotive products (Eco-Mobility).

Encouragement of collaboration efforts with universities and research centres, and promotion of continuous investments in Research and Development activities.

### 5 - ENVIRONMENTAL RESPONSIBILITY

**Fight against climate change, reduction of emissions, and greater energy efficiency:** Development of strategies to combat Climate Change by reducing the Group's environmental footprint in terms of greenhouse gas emissions: promotion of energy efficiency initiatives and use of renewable energy.

**Management of environmental impacts:** Resource management practices aimed at minimising the Group's impacts on biodiversity and ensuring the protection of natural habitats.

### 6 - RESPONSIBILITY THROUGHOUT THE SUPPLY CHAIN

**Risk identification and responsible supply chain management:** identification of the ESG risks strictly associated with the Group's supply chain. Responsible supply chain management through the adoption of procedures for selecting suppliers, contractors and business partners that include sustainability criteria for qualification, as well as through the

use of specific tools.

### 7 - RESPONSIBILITY TOWARDS INDIVIDUALS

**Health and safety:** Policies, practices and management systems aimed at ensuring good worker health and safety. Workplace accident monitoring activities, worker accident prevention and protection measures, and health and safety training plans.

**Equal opportunity, diversity and non-discrimination:** Policies and practices adopted to provide adequate working conditions capable of ensuring equal opportunities for all employees. Promotion of inclusiveness and diversity.

**Capitalisation of individuals:** Policies and activities for the responsible management of human resources through talent capitalisation initiatives. Creation of development programs and training plans. Promotion of listening and dialogue initiatives between the company and its employees.

**Well being and Work-Life balance:** Policies and projects aimed at promoting well-being and increasing a sense of belonging, through welfare initiatives aimed at guaranteeing a good working environment and an appropriate balance between private and professional life (e.g. benefits). Industrial relations: Activities and policies aimed at promoting constructive dialogues with all the companies' social partners, in order to create the best possible working conditions and to establish solid relationships with trade union representatives, all while upholding the workers' rights and ensuring compliance with the current legislation.

## I Our people

Cornaglia strongly believes that individual knowledge and skills are the true competitive advantage underlying the Group's ability to innovate and pursue excellence in the creation of all its products, and considers its **human capital** to be its most important strategic asset.

The company protects and guarantees the physical and moral integrity of its employees by promoting a culture that's free of any forms of discrimination and/or harassment. The company also guarantees working conditions that are respectful of individual dignity, and safe and healthy work environments that are fully compliant with the current legislation on workplace accident prevention and worker safety. Finally, the company is committed to ensuring that all its employees enjoy the **protections** and rights provided by the Workers' Statute and by the collective bargaining agreements.

**Internal regulations** have been drawn up for each facility, which are aimed at clarifying the workers' rights and duties, as well as the relative penalties for non-compliance with the same. The regulations are posted on the company notice boards, and contain references to the relevant legislation.

In **2020**, the Human Resources Department began a competency mapping and analysis process, which has now been completed for the Engineering & Innovation division, and will be completed for all the company's other divisions during the course of 2021. This mapping process is aimed at identifying the company's "core" competencies, and at providing appropriate guidance for the training and development processes, as well as for the selection processes. New hires undergo an induction period aimed at familiarising them with the Group's organisation, the internal contacts and procedures, and the rights and duties of the worker (the internal regulations and the applicable collective national labour agreement).

All the personnel undergo evaluations by their direct managers each year during the month of March using a dedicated evaluation sheet covering the following items:

- flexibility;
- responsibility;
- proactiveness;
- propensity for team work;
- sense of belonging to the company;
- professionalism.

The results of the evaluations determine the economic incentives and professional growth interventions, which can also include attendance of training courses.

**In 2020, a collaboration project was launched with an employment agency and a training institute, which consisted of a training Academy for welders. The tool of the technical-professional training Academy thus became a fundamental element for the hiring of skilled workers.**

Cornaglia hires external consultants to carry out specific projects in the technical, technological innovation, and business development fields. In 2020, a consultancy project was launched aimed at supporting the consolidation of the Group's Operations structure, which entailed the harmonisation of the various production plants in terms of KPIs and management logic.

The consultants have therefore been integrated within the internal processes. Temporary work contracts are mainly used to manage work peaks in the production areas, or else as evaluation phases for workers to be subsequently included in the permanent workforce. Temporary workers also undergo the initial training and on-the-job-training processes.

The Group also makes use of both extracurricular and curricular internships, which serve to identify potential future candidates, as well as to provide young people with much needed training and work experience.

**The Group also makes use of both extracurricular and curricular internships, which serve to identify potential future candidates, as well as to provide young people with much needed training and work experience.**



Our people

The data regarding the composition of the workforce are shown below:

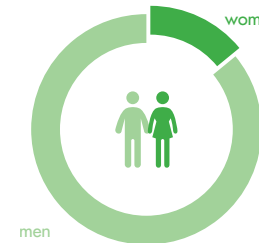
Total workforce						
Contract type	as of 31 December 2020			as of 31 December 2019		
	Men	Women	Total	Men	Women	Total
Total employees by gender	408	81	489	403	82	485
Total external workers	99	2	101	113	1	114
Total workforce by gender	507	83	590	516	83	599

Workforce by category						
Contract type	as of 31 December 2020			as of 31 December 2019		
	Men	Women	Total	Men	Women	Total
Permanent	399	79	478	386	82	468
Fixed term	2	0	2	3	0	3
Apprenticeship	7	2	9	14	0	14
Temporary workers	97	1	98	112	0	112
Internship	2	1	3	1	1	2
Total workforce by gender	507	83	590	516	83	599

**TOTAL WORKFORCE**



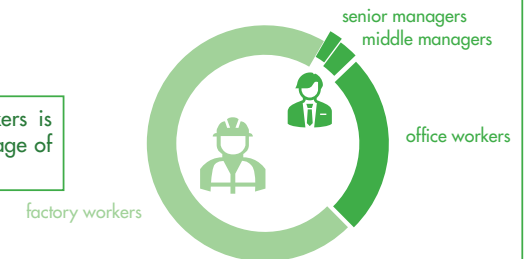
**WORKFORCE COMPOSITION: GENDER**



The percentage of women employed as office workers is equal to 14%.

**EMPLOYEES: CLASSIFICATION**

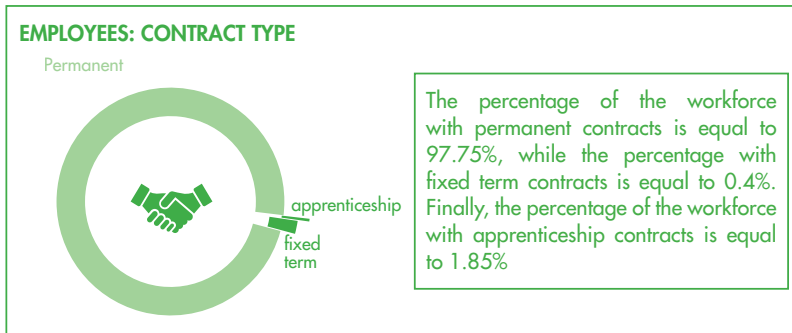
The percentage of factory workers is equal to 71%, while the percentage of office workers is equal to 25%.



**EMPLOYEES: AGE GROUPS**



The percentage of the workforce under 30 years of age is 5%; those aged 31 to 50 account for 43%, and those over 50 account for 52%.



## Equal opportunities

Cornaglia Group is committed to offering equal work and professional advancement opportunities to all of its employees.

Under the constant supervision and monitoring of the HR department, each department manager must ensure that all aspects of the employment relationship, including hiring, training, remuneration, promotions, transfers, and termination, are handled in a manner consistent with the employees' ability to meet their job requirements, without discriminating against them in any way based on their age, gender, health status, nationality, sexual orientation, political opinions, and/or religious beliefs. Cornaglia Group is committed assessing the proper remuneration of its

**Cornaglia manages its human resources according to meritocratic principles based strictly on competency, thanks to which it complies with the risk of only privileging the numerical balance of men and women within the organisation.**

human resources, regardless of gender. Each year in March, the Company takes measures aimed at reducing the pay gap between men and women during the annual evaluation of the employees' performance and competency, and the relative merit policy. A process of mapping the remuneration of the company's internal human resources has been initiated, and will be completed in 2021.

## Training and capitalisation of talent

In 2020, the Group carried out the budget preparation phases early, and consequently the analysis of the training needs was also performed early, in June and July, as opposed to previous years, when it was carried out in the months of October and November. In order to quantify the economic resources to be allocated to training, the HR Management evaluates the training needs for the following year together with the plant managers and the senior management.

Once this work has been completed, the Human Resources Department prepares the Training Plan and arranges for the relative interventions, evaluating the best solutions and suppliers available on the market, as well as any funding opportunities offered through specific inter-professional funds or tenders.

The first area to be mapped was the Innovation & Engineering centre, considered to be the most critical area

for the development of the Group's future projects and product strategies. This mapping allowed us to identify the training gaps for each individual, and to draw up a three-year training plan. The mapping of the Group's Engineering manufacturing areas began in November and December, and continued in 2021.

All the company areas will be mapped by July 2021, thus allowing the training policies to be defined and the 2021-2023 training plan to be completed. The annual objectives could not be accurately established and monitored in 2020 due to the Covid pandemic, as the priorities and short-term objectives changed as a result of the health crisis.

Given the circumstances, the company made the decision to carry out a qualitative and non-quantitative assessment of the degree to which the objectives had been achieved, in order to award an MBO bonus.



At the same time, during the months of November-December, the Human Resources Department and the General Management worked together to come up with a new performance evaluation system to be applied to all the office staff, regardless of whether an MBO bonus is to be awarded. This system will be operational as of 2021.

The Group has implemented a well-structured process to evaluate its internal resources and to lay out the annual merit policy for all its personnel.

During the second half of 2020, the "PERFORMANCE MANAGEMENT" project was launched, the purpose of which is to analyse and evaluate the performance of the project's participants, in order to apply an adequate reward system based on their individual career plans.

The Group has also launched a project for mapping its internal talents and key people, which is aimed at providing specific pathways for growth and development.

In order to ensure greater consistency between the strategic and individual objectives, a system of bonuses by objectives (MBO bonuses) has been established, which is mainly intended for personnel holding managerial roles.

In May of 2020 a technical and behavioural skills mapping project was launched, designed and conducted entirely by the Group's Human Resources Department.

## Safety and Environment Management System – SEMS

The SEMS covers all administrative, commercial, industrialisation, design, production, procurement, logistics, staff management, and quality assurance activities that have direct or indirect impacts on the workers' health and safety and the environment. It also covers any activities indirectly related to the production flow, such as the maintenance of the machinery and the management of suppliers of products/services that could have an impact on the workers' health and safety and the environment. While structured at the Corporate level, the System is managed centrally by the Safety and Environment Authority, and locally by the individual Corporate site representatives.

Each year, based on the Environmental and Safety Policy, the location, and the specific operating conditions, Cornaglia Group establishes both the degree to which each individual site must apply the system, and which new sites, if any, should be awarded certification. Within the context of the environmental and safety management system, the Cornaglia Group Senior Management is represented by the two Managing Directors (MD), who are vested with full powers on matters relating to the environment and workplace safety. Cornaglia Group considers the analysis of risks and opportunities to be a key common element among the various factors that contribute to the planning of the Safety and Environment

Management System (SEMS). In fact, the characterisation of the context, the needs and expectations of the concerned parties, the environmental aspects, the dangers present at the workplace, and the relative compliance obligations brings a series of elements to the organisation's attention with which risks and opportunities can be associated.

These risks and opportunities are subsequently evaluated by the Organisation in order to determine which need to be addressed in order to prevent or reduce any undesirable effects that could prevent the expected SEMS results from being achieved (continuous improvement of environmental and safety performance, maintenance of full compliance with the applicable obligations, achievement of the environmental and safety objectives, etc.). Even if the indicators were in line with previous years, the 2020 improvement targets set for several environmental aspects were not achieved: this was mainly due to the lack of continuity in production caused by the pandemic and a number of production changes.

During 2020, Cornaglia implemented a monthly system for monitoring environmental performance indicators (i.e. "intensity" indexes for the environmental impacts attributable to the product unit) in order to promptly identify any anomalies and evaluate the effectiveness of the countermeasures adopted.



## Health and Safety

In order to ensure a systematic and efficient approach to corporate risk management, an in-house Cornaglia Group database was created using Microsoft Access. The idea arose from the need to have a tool for continuously monitoring any injuries that occur, and for providing quantitative analysis of the same based on the production phases in which they occurred and the hazards that caused them.

The analysis takes into account the following:

- the specific company context
- the production cycle;
- the chemical, physical and biological agents present at the workplace, both normally and following the performance of the activities, and their concentrations;
- the structural characteristics of the work environments;
- the activities carried out directly by the employees;
- the equipment used to carry out the work;
- the working methods adopted.

The technical, organisational and procedural protection measures to be implemented in order to eliminate, or at least reduce, the risks are indicated within the database.

Reports in anonymous form can be submitted to the SB, which was established pursuant to Italian Legislative Decree no. 231/2001 to oversee the proper application of the regulations in force, including those regarding worker health and safety. All real or potential hazard situations are analysed using the appropriate form, with the root causes being sought, and the appropriate countermeasures being planned.

The workers are made aware of the risks and the prevention and control measures during their training courses, and through appropriate warning signs. The workers can submit anomaly reports or suggestions for improvements directly to the company's prevention and protection service (structure consisting of three resources), to the WSRs, to their supervisors, or else anonymously to the Supervisory Body.

Cornaglia Group encourages the active and continuous participation and consultation of workers in the development and review of the prevention and control practices for activities relating to health, safety, and the environment, as well as in the development of the SEMS, and the application of the compliance obligations.

The workers are involved in activities such as:

- the identification of the hazards and the assessment of the risks and opportunities;
- the determination of the actions for eliminating or reducing risks posed to health, safety, and the environment;
- the determination of the competency requirements and the analysis of the training requirements;
- the determination of what needs to be communicated and how it will be done;
- the determination of the control measures and their effective implementation and use;
- the analysis of any incidents, near misses, dangerous actions, and hazardous conditions;
- management of non-conformities and determination of the corrective actions.

The consultation and participation of the workers is sought in the following cases:

- new or unknown hazards;
- company or Group reorganisation;
- new processes, procedures or working models;
- the construction, alteration, or modified use of buildings and structures;
- the introduction of new or modified equipment;

- the implementation of new controls or the modification of existing controls;
- the use of new chemical substances or preparations, or new materials in general;
- changes in emergency management;
- changes to the compliance obligations.

All those who work for or on behalf of Cornaglia Group (new hires, existing employees, contractors, and any other parties involved), who could cause environmental impacts, workplace risks, or failures to meet the compliance obligations, are required to undergo specific training and a subsequent competency assessment.

Competent physicians have also been appointed for each Cornaglia Group facility, who are responsible for drawing up a health protocol and for performing regular check-ups on the workers. The periodic check-ups and health checks are carried out at the factory infirmaries. Defibrillators have also been installed, and the staff have been trained on how to use them.

In 2020, the number of serious accidents at the workplace decreased by 83%, and those required to be recorded decreased by 41%, with no cases of occupational diseases being reported.

Cornaglia Group is particularly attentive to issues related to climate change. For this reason it has adopted a series of measures aimed at safeguarding and protecting the environment. In particular, over the three-year period from 2018 to 2020, more than € 650 thousand were invested in projects and initiatives dedicated to the environment and the fight against climate change, in addition to the € 150,000 spent annually for the ordinary management of environment-related activities. The main projects/commitments undertaken by Cornaglia Group during the three-year period from 2018 to 2020 to improve its environmental impacts associated with climate change are listed below:

- the "Ricicli-Amo" project created in collaboration with L'Oreal for the recovery of the end-of-life plastic containers at the L'Oreal facility in Settimo Torinese. These containers are collected in order to regenerate the plastic material and provide L'Oreal with new containers and platforms;
- the containers of the furniture components intended for the end consumer produced by the Cornaglia Group company Plant Design feature a QR code that can be used to obtain product disposal and packaging information.
- all the main factories have photovoltaic systems installed on

their rooftops, for a total power output of about 1,318 kW, thus allowing their production cycles to be powered using non-polluting electricity generated by the sun.

- the frequency filters installed on the main plants' internal electricity grids create a smart power grid that optimises consumption and reduces electricity waste.
- membership in the Carbon Disclosure Project (CDP), an international non-profit organisation that provides businesses, local authorities, governments and investors with a global environmental measurement and reporting system for the global sharing of climate change information.

One of the goals of Cornaglia Group's environmental policy is to develop procedures for assessing environmental and safety performance, using appropriate indices as a reference parameter for the control and continuous improvement of the system itself.

In particular, with regard to climate change, the index used is [no. pieces produced/tonne of CO<sub>2</sub> equiv.], where the aim is to produce the largest number of pieces possible without increasing the CO<sub>2</sub> equivalent emissions generated throughout the product's entire life cycle.



The project for the construction of ecological islands within the Cornaglia factories, in order to improve the sorted waste collection and waste recovery efforts, was completed in 2020.

All seven Cornaglia Group facilities have been ISO 14001:2015 certified by the RINA certification body since 2018.



Cornaglia reached all the targets set for its individual plants in 2020. The goals are re-established on an annual basis, and a higher target has been set for 2021.

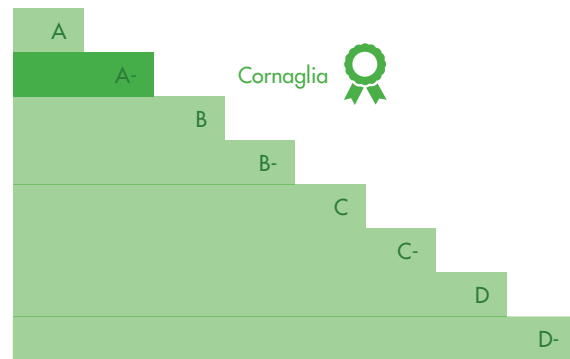
In 2020, the number of serious accidents at the workplace decreased by 83%, and those required to be recorded decreased by 41%, with no cases of occupational diseases being reported.



## Climate Change

The CDP - Carbon Disclosure Project - is an organisation that offers investors a system for measure policies and performance in terms of **climate change**. During the course of the year, about 9,600 companies had their performance analysed with regard to their actions taken to combat climate change.

Cornaglia's CDP 2020 obtained the **score of A-** in the *Leadership* category. The rating (on a scale of D- to A) is based on the assessment of certain areas, like emission reduction targets and initiatives, risk analysis and management, and the assessment of financial impacts caused by climate change.



**Leadership (A/A-):**  
Implementing current best practices




**CDP DISCLOSURE 2020** + 9600 companies from around the world responded to the Climate Change CDP; the average score for the sector is **B**

The positioning obtained is a reflection of Cornaglia's constant and growing commitment to the fight against climate change, with an increasingly sustainable business model that's highly attentive to the issues of the energy transition.

## Raw materials

Aware of the fact that the use of **eco-sustainable materials** (recovered, Ecolabel certified, FCS certified, etc.) obtained from nearby suppliers (KMO) can generate **benefits**, not only in economic terms, but above all in terms of image, the Group has adopted a policy for the selection of its raw materials, as well as the other products used in the production processes, which aims to minimise environmental impacts and safeguard the health of its workers.

The Safety and Environment Management System (SEMS) contains specific procedures for selecting materials and suppliers, with priority being given to certified and local suppliers. What's more, through its Research Centre, Cornaglia Group designs its own components in such a way as to optimise the use of raw materials and minimise waste. Some of the main **results** achieved in **2020** are listed below:

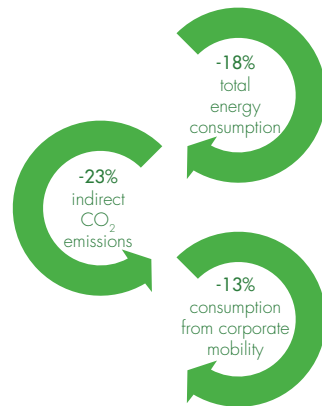
- 
**RENEWABLES**  
 1,725 tonnes of renewable materials were used in 2020
- 
**RECYCLED MATERIALS**  
 135 tonnes of plastic materials were sent to grinding facilities for recovery
- 
**REUSE**  
 All the recycled materials were 100% reused

## Energy consumption and emissions

Aware of the fact that inappropriate energy management can lead to increased production costs and unnecessary consumption of natural resources, the Group has adopted an environmental policy based on specific procedures for assessing its environmental performance from a life cycle perspective, which makes use of appropriate indices for the control and **continuous improvement** of the system. These indices are available on the website, and energy consumption is also taken into consideration.

Although not required to, Cornaglia has appointed an Energy Manager: a figure with specific competencies in energy and facility management, who promotes energy efficiency measures, and the use of alternative energy sources.

Below are some of the results achieved in 2020 compared to the previous year's data:



Cornaglia Facility - Photovoltaic systems

Finally, the descriptions of the main initiatives undertaken over the past three years, and the relative reductions in consumption achieved, are listed below:

### INITIATIVES FOR THE REDUCTION OF ENERGY CONSUMPTION

Conservation initiatives	2020 <sup>3</sup>	2019
The EUSs (Efficient Utility Systems) were installed in Beinasco in Oct. 2018, in Villarbasse in Jul. 2017, and in Valfenera in Nov. 2018. Thanks to these systems, much of the electricity generated by the photovoltaic systems is consumed directly by the production plants, and the remainder (about 10%) is sold to the external power grid. Before the SEUs were installed, all the electricity was sold to the power grid.	895	7,571

Efficiency initiatives	2020	2019
In August 2017, a thermal insulation intervention was carried out on the painting ovens in Beinasco.	61.00	40.88
In 2020, the dynamic filter at the Villarbasse facility, which allows power consumption to be reduced by optimising the cos phi power factor, was rendered fully operational.	0.00	54.25

There have been 14,251 photovoltaic panels installed on the rooftops of Cornaglia Group's five factories since 2011, for a total power output of approximately 1,318 kW.

<sup>3</sup> data expressed in terms of tonnes of CO<sub>2</sub>

## ENERGY EFFICIENCY PROJECT

**Energia Europa** is an Italian company that develops innovative products for energy efficiency and environmental sustainability purposes. Their flagship product is the patented **E-Power** device, which allows real energy efficiency to be achieved on the line and on the electrical system for the same work performed, reducing losses on the system and **improving energy quality**.

The **benefits** provided by the E-power device can be grouped into three categories:



### ENERGY EFFICIENCY

It reduces system losses by providing real energy efficiency, and improves energy quality.



### REDUCED EMISSIONS

Each kWh saved equates to 0.589 kg of CO<sub>2</sub> emissions prevented.



### ENERGY SAVINGS AND ECONOMIC SAVINGS

It reduces the electricity consumption for the same work performed, resulting in variable economic savings.

The **results** of the analysis are as follows:



### ENERGY SAVINGS

Estimating an annual energy consumption of 5,648,427.00 kWh.

**293,153 kWh**



### ECONOMIC SAVINGS

Based on a kWh cost of € 0.1350.

**€ 39,576**



### ANNUAL CO<sub>2</sub> REDUCTION

Considering 0.589 kg of CO<sub>2</sub> emissions prevented for each kWh produced.

**146,577 kg**



### FOREST AREA PROTECTED

Assuming that each tree absorbs 22kg of CO<sub>2</sub> per year and occupies an area of 2 square metres

**13,325 m<sup>2</sup>**



### REABSORBED DWELLINGS

Considering an average consumption value of 2700 kWh for a typical family.

**109 Units**

Project carried out with funds from POR-FESR 14-20 TIER IV - IV.4B.2.1 - ENERGY EFFICIENCY AND RENEWABLE ENERGY SOURCES IN COMPANIES (IV4B21\_ENERGY\_COMPANIES)

Project carried out by: Officine Metallurgiche G. Cornaglia S.p.A. at the site located at 118 Via Rivoli, Villarbasce (TO) Italy

Project description: Improvement of the MV/LV transformer substation's efficiency through the installation of an inductive passive filter

Amount funded: € 140,000

## Waste

The waste management methods are governed by system procedure "PSA 14 - Waste management", which basically requires each facility to identify and train personnel in charge of operational (forklift drivers) and administrative (completion of forms and loading/unloading registers) waste management activities.

Specific initiatives have been launched at the individual facilities in order to improve the waste management methods. These include the following:

- the sorted waste collection methods were improved at the Beinasco and Villarbasce facilities, in collaboration with the Urban Waste Collection Services;
- scraps and shavings of plastic material are recovered internally at the Villarbasce facility
- as a by-product, and are used to produce consumables, pallets, and buckets;
- the feasibility of recovering monoliths currently being evaluated at the Valfenera facility.

**2,304 tonnes**  
of waste in 2020



**-5.3%**  
total waste  
compared to 2019



**-36%**  
less hazardous  
waste



In 2020, approximately 60 tonnes of plastic materials were re-utilised for the production of consumables, pallets, and buckets.

## Water

Cornaglia **constantly monitors** the use of water resources at all of its facilities, where water is drawn exclusively from local aqueducts, with the exception of the Villarbasse facility, where the water for the fire sprinkler tank is also drawn from a deep well.

In addition to its civilian uses, the water at the three facilities is also **used** for the purposes listed below:

- at the **Beinasco** facility, it is used in the cataphoresis painting plant's tanks, in the washing tunnel, and for cooling the welding machines (closed cycle cooling);
- at the **Valfenera** facility it is used in the pipe washing machines, after which the wastewater is disposed of as liquid waste;
- at the **Villarbasse** facility it is used in the closed-cycle mould cooling system.

Cornaglia complies with the quality standards established by Italian Legislative Decree no. 152 for discharges into the sewer system.

The **Villarbasse** facility is equipped with an industrial drain, which is used to discharge the mould cooling water into the sewer system. Since the system operates on a closed cycle, the only water discharged consists of the overflow from the evaporative towers.

Finally, at the **Beinasco** facility, the wastewater from the cataphoresis system and the washing tunnel is discharged into the industrial drain. The same facility is equipped with a chemical-physical purifier, which treats the industrial wastewater before it is discharged into the public sewer system.

Total volume of surface water discharge (mg/l) decreased by 30% from 2019 to 2020 and by 74% from 2018 to 2020.

At the Beinasco facility, the feasibility of recovering purified water to be reused for washing the moulds is currently being evaluated.

## The supply chain

The procurement processes are aimed at seeking out the greatest possible competitive advantage. The selection of the suppliers and the determination of the procurement conditions are based on an objective assessment of the supplier's quality, price, and ability to provide an adequate level of service. In keeping with the principles laid out in the Code of Ethics, the figures in charge of the procurement department are prohibited:

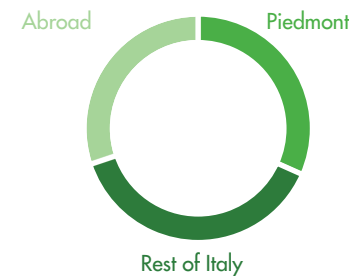
- to accept any form of payment from anyone for the performance an official duty or an action contrary to his/her official duties;
- to allow themselves to be influenced by any third parties unrelated to the Group, and not authorised by the same, for the purpose of making decisions and/or performing actions related to their work activities;

- to accept gifts or any other types of benefits not attributable to normal acts of courtesy.

When the products/services offered are deemed to be equal, Cornaglia favours domestic suppliers in its procurement choices: in fact, only 30% of the Group's purchases come from foreign suppliers. Out of the 70% of purchases made in Italy, 32% are made from suppliers in the Piedmont region.

For products and services that constitute an integral part of the product supplied to the customer, the supplier must have a quality management system in place that, at the very least, meets the requirements of the ISO 9001 standard. This certification's expiration and scope of application is checked by the procurement department on an annual basis.

### PROCUREMENT DISTRIBUTION



Since 2020, the Company has required its suppliers to complete a "Supplier Evaluation Questionnaire" in order to verify that they uphold and respect the ethical, social and environmental sustainability principles contained within Cornaglia Group's Code of Ethics. The operational rules for the selection of suppliers are governed by procedure "P.018". The questionnaire is in the implementation phase for the year 2021.

## Product quality

Cornaglia Group focuses its attention on **Quality** and **safety**, with the aim of providing products that meet the highest standards (e.g. IATF 16949), even through the integration of elements directly perceived by the Stakeholders: customer benefits and expectations, the **highest safety standards**, and maximum environmental compatibility.

Cornaglia Group's quality policy is heavily focused upon the **health** and safety of its customers and employees, compliance with the ethical and social requirements, customer satisfaction in terms of products and services, and the **continuous improvement** of all quality-related aspects.

Cornaglia Group's facilities are IATF 16949 certified, and the **International Material Data System** (IMDS) has been adopted with the aim of improving supplier-customer communications.

In compliance with the national and international regulations and standards, Cornaglia Group conducts a **Risk**

**Assessment** during the preparation of all new product offers, with the aim of assessing all the potential risks in terms of technical and technological feasibility, quality, environmental impacts, and health and safety. The risk analysis is based on the assessment of aspects like customer requirements, technical specifications, product quality requirements, and safety and environmental regulations.

If there is a possibility that some of the requirements will not be met, Cornaglia prepares an adequate action plan using the **Failure Mode and Effects Analysis** (FMEA) tool for the management of the risks associated with the failure modes, and determines the appropriate countermeasures to be taken.

During 2020, Cornaglia Group continued its commitment to meeting the product quality and safety requirements by expanding the Group's plant certifications and by systematically adopting appropriate risk assessment and product quality certification methodologies.

## Innovation

Through its research centre, Cornaglia has always invested heavily in Research and Development, with the aim of constantly improving its products in terms of life cycle, performance, costs, dimensions, volumes, and environmental compatibility. In 2020, the R&D expenses incurred by Cornaglia Group amounted to 2.5% of the annual turnover.

The Group's innovation activities are conducted at the Engineering & Innovation Centre, which in 2020 was moved from Villanova d'Asti (AT) to Grugliasco (TO), where it is constantly engaged in researching, patenting and developing new intake systems, exhaust systems, tanks, and integrated systems designed to minimise fuel consumption and CO<sub>2</sub> emissions through the engineering of innovative solutions. The Research & Development Centre even opened a second location in 2020, near the Polytechnic University of Turin, where the Group carried out a project aimed at reducing pollutant emissions from diesel engines. Cornaglia continues to pursue important partnerships with other companies and research organisations, in order to develop new products or improve its existing products.

In order to generate and improve its internal knowledge of the latest and most important environmental issues, the Group has also continued attending the most important national and international conferences on specialised automotive topics, albeit in virtual form given the pandemic.

The technological trends of 2020 have reaffirmed the risks/opportunities posed by electric vehicles, which will certainly lead to a reduction in the number of internal combustion engine applications in favour of solutions featuring fully electric motors. In this regard, the Group has begun researching and developing new components for this sector (including battery coolers and roof systems). At the same time, research has continued into the best exhaust gas post-treatment solutions and, more generally, solutions aimed at reducing fuel consumption and CO<sub>2</sub> emissions for off-highway applications, which will allow manufacturers to continue using and further developing their internal combustion engines, even for use in geographical areas where strict limits on pollutant emissions are imposed.




Cornaglia Group's commitment to product innovation is expressed through the following objectives:

- reduction of CO<sub>2</sub> and pollutant emissions;
- weight reduction (metal-plastic transformation);
- reduction of fuel consumption;
- cost optimisation;
- customer satisfaction;

- reliability of the products developed;
- performance optimisation;
- competitiveness;
- quality.

During the course of 2020, three particularly relevant projects were carried out in the field of sustainability, with the aim of generating positive social and/or environmental impacts.


The UREA SENDER UNIT project has led to the development of prototypes for a new urea intake unit for diesel engines, designed for use on agricultural machinery and earth-moving machinery.










The ATS FOR ON-ROAD VEHICLES project is dedicated to the development of a modular exhaust gas after treatment system (ATS) optimised for use with various applications.



The COR-FLOW project has led to the development of a compact air filter for off-road applications that uses high-efficiency turbulators for the pre-separation of dust and a special "bag" safety filter. The relative patent application for this project has been filed with the competent authorities.



## THE COMPANY IN A NUTSHELL

- 
1,729 hours of training
- 
+ 1.03% increase in the workforce
- 
100% reuse of recycled materials
- 
26% decrease in pollutants emitted by the factories
- 
14% decrease in direct CO<sub>2</sub> emissions
- 
40% decrease in workplace accidents recorded compared to the previous year
- 
70% of purchases made from Italian suppliers



# APPENDIX

## CORNAGLIA GROUP

Percentage of staff receiving training or communications on anti-corruption and human rights practices*	
Classification	2020
	%
Managers	%
Middle Managers	%
Office workers	%
Factory workers	%
Total	%

\* The training plan on anti-corruption and human rights issues is bi-annual. The new training session will begin in 2021.

## OUR PEOPLE

Total number of employees broken down by position and age group								
Classification	2020				2019			
	<30 years old	30-50 years old	>50 years old	Total	<30 years old	30-50 years old	>50 years old	Total
Managers	-	4	5	9	-	2	6	8
Middle managers	-	6	7	13	-	6	9	15
Office workers	13	54	54	121	10	58	51	119
Factory workers	10	146	190	346	8	140	195	343
Total	23	210	256	489	18	206	261	485

Total number of employees broken down by contract type (permanent or fixed term), by gender						
Contract type	2020			2019		
	Men	Women	Total	Men	Women	Total
Permanent	399	79	478	386	82	468
Fixed term	2	0	2	3	-	3
Apprenticeship	7	2	9	14	-	14
Total	408	81	489	403	82	485

Total number of employees broken down by full-time, part-time and gender						
Full-time \ Part-time	2020			2019		
	Men	Women	Total	Men	Women	Total
Full-time	405	68	473	401	71	472
Part-time	3	13	16	2	11	13
Part-time perc.	0.7%	16%	3.27%	0.5%	13.4%	2.7%
Total	408	81	489	403	82	485

Total number of external workers, by gender						
External workers	2020			2019		
	Men	Women	Total	Men	Women	Total
Temporary workers	97	1	98	112	-	112
Internship	2	1	3	1	1	2
Total	99	2	101	113	1	114

Turnover by gender and geographical area									
Category	2020				2019				
	Incoming		Outgoing		Incoming		Outgoing		
	Number	%	Number	%	Number	%	Number	%	
Men	33	8%	35	8%	29	7%	27	6%	
Women	2	2%	8	9%	3	3%	6	7%	
<b>Total</b>	<b>35</b>	<b>7%</b>	<b>43</b>	<b>8%</b>	<b>32</b>	<b>6%</b>	<b>33</b>	<b>6%</b>	

Turnover by age group									
Age groups	2020				2019				
	Incoming		Outgoing		Incoming		Outgoing		
	Number	%	Number	%	Number	%	Number	%	
< 30 years old	10	43%	4	17%	8	44%	4	22%	
30 - 50 years old	15	7%	13	6%	16	7%	13	6%	
> 50 years	10	4%	26	10%	8	3%	16	6%	
<b>Total</b>	<b>35</b>	<b>7%</b>	<b>43</b>	<b>8%</b>	<b>32</b>	<b>6%</b>	<b>33</b>	<b>6%</b>	

Employees who receive regular performance and career evaluations, by gender and position						
Number of employees	2020			2019		
	Men	Women	Total	Men	Women	Total
Managers	9	0	9	6	0	6
Middle managers	1	1	2	2	1	3
Office workers	12	2	14	15	3	18
<b>Total</b>	<b>18</b>	<b>6</b>	<b>25</b>	<b>23</b>	<b>5</b>	<b>27</b>

Training hours by professional category and gender				
Hours of Training	2020		2019	
	Total hours	Hours per capita	Total hours	Hours per capita
Managers	21	2	150	19
Middle managers	11	1	170	17
Office workers	424	4	2,238	19
Factory workers	1,274	3	2,869	9
<b>Total</b>	<b>1,730</b>	<b>3</b>	<b>5,427</b>	<b>12</b>

Ratio between women's and men's base salaries by category						
Base salary	2020			2019		
	Men	Women	Ratio Women in relation to Men	Men	Women	Ratio of Women to Men
Managers	774,320	0	0%	641,935	0	0%
Managers as of 31/12	9	0		8	0	
Middle managers	606,400	64,231	10%	666,888	63,969	10%
Middle managers as of 31/12	12	1		10	1	
Remaining employees	9,043,025	1,722,480	19%	9,976,354	2,052,619	20%
Remaining employees as of 31/12	387	80		385	81	

Percentage of total employees covered by collective bargaining agreements		
number of employees	2020	2019
Total employees	489	485
Number of employees covered by collective bargaining agreements	489	485
% of employees covered by collective bargaining agreements	100%	100%

**SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM**

Employees covered by the Health and Safety management system				
Number of employees	2020		2019	
	Number	%	Number	%
Total number of employees covered by the health and safety management system	489	100%	484	100%
Total number of employees covered by the health and safety management system subject to internal control procedures	489	100%	484	100%
Total number of employees covered by the health and safety management system subject to control procedures or certified by a third party	489	100%	484	100%

External workers covered by the Health and Safety management system				
Number of external workers	2020		2019	
	Number	%	Number	%
Total number of external workers covered by the health and safety management system	489	100%	485	100%
Total number of external workers covered by the health and safety management system subject to internal control procedures	489	100%	485	100%
Total number of external workers covered by the health and safety management system subject to control procedures or certified by a third party	489	100%	485	100%

Workplace accidents		
Rate	2020	2019
Rate of deaths caused by workplace accidents	0	0
Rate of serious workplace accidents (excluding deaths)	0.288	1.708
Rate of recordable workplace accidents	3.746	6.345

Occupational diseases		
Number of incidents	2020	2019
Total number of recordable cases of occupational disease	0	0
<i>of which deaths caused by occupational diseases</i>	0	0

**ENVIRONMENTAL PROTECTION**

Materials							
Materials utilised		2020			2019		
		Total	Non-renewable	Renewable	Total	Non-renewable	Renewable
Plastic materials	Tonnes	2,036	1,971	65	1,894	1,728	166
Metals Iron and steel	Tonnes	3,023	1,363	1,660	6,499	3,771	2,729
Catalysts	Tonnes	15,223	15,223	0	20,589	20,589	0
Consumables (oils, paints, etc.)	Tonnes	509	509	0	626	626	0
<b>Total</b>	<b>Tonnes</b>	<b>20,791</b>	<b>19,066</b>	<b>1,725</b>	<b>29,608</b>	<b>26,714</b>	<b>2,895</b>

Recycled materials						
Type of recycled material		2020		2019		Delta % 19-20
		Recycled materials	Total	Recycled materials	Total	
Recovered plastic	Kg	65,000	65,000	166,000	166,000	-60%
Recovered steel	Kg	1,659,851	1,659,851	2,729,000	2,729,000	-39%
<b>Total</b>	<b>Kg</b>	<b>1,724,851</b>	<b>1,724,851</b>	<b>2,895,000</b>	<b>2,895,000</b>	<b>-40%</b>

Energy consumption and emissions			
Type of consumption and emissions	2020	2019	Delta % 19-20
Electricity purchased externally (GJ)	23,566	30,495	-23%
of which purchased from non-renewable sources (GJ)	23,566	30,495	-23%
of which purchased from renewable sources (GJ)	0	0	-0%
CO <sub>2</sub> emissions (t)	2,071	2,680	-23%
Self-produced electricity from renewable sources (GJ)	6,699	7,571	-12%
CO <sub>2</sub> emissions avoided (t)	589	665	-12%
Electricity sold (GJ)	3,486	3,050	+14%
of which sold from non-renewable sources (GJ)	0	0	0%
of which sold from renewable sources (GJ)	3,486	3,050	+14%
Natural Gas (GJ) for heating	23,263	26,177	-12%
CO <sub>2</sub> emissions (t)	1,301	1,467	-12%
Natural Gas (GJ) for production processes	19,468	23,533	-17%
CO <sub>2</sub> emissions (t)	1,085	1,318	-17%

Energy consumption and emissions			
	2020	2019	Delta % 19-20
Total energy consumption (GJ)	69,551	84,725	-18%
from renewable sources (GJ)	3,213	4,521	-29%
from non-renewable sources (GJ)	66,298	80,204	-17%

Total CO <sub>2</sub> emissions			
	2020	2019	Delta % 19-20
Direct CO <sub>2</sub> emissions (t) - Scope 1	2,386	2,785	-14%
Indirect CO <sub>2</sub> emissions (t) - Scope 2	2,071	2,680	-23%

Other indirect greenhouse gas emissions (Scope 3)					
Raw materials	2020		2019		Delta % 19-20
	KG raw materials	t CO <sub>2</sub>	KG raw materials	t CO <sub>2</sub>	
Beinasco	1,659,851	4,813.57	2,561,762	7,429.11	-35%
Villarbasse	1,970,650	4,202.10	1,728,374	3,547.98	+18%
Valfenera	1,362,777	3,952.05	2,102,987	6,098.66	-35%
Material transport	2020		2019		Delta % 19-20
	Km	t CO <sub>2</sub>	Km	t CO <sub>2</sub>	
Beinasco	50,328	34.17	69,358	47.09	-27%
Villarbasse	31,846	21.62	27,931	18.97	+14%
Valfenera	323,826	219.88	433,135	294.10	-25%

Energy consumption from corporate mobility			
Means of transport type	2020	2019	Delta % 19-20
Long term auto lease / rental	km travelled	km travelled	
Diesel	696,946	800,000	-12%
of which for service use	273,410	200,000	+36%
of which for mixed use	423,536	600,000	-29%

Energy intensity				
	Unit of measure	2020	2019	Delta % 19-20
Total energy consumption	TEP	2,391	2,982	-20%
Total number of products	no.	7,184,085	9,430,409	-23%
Components and plastic material	no.	1,994,031	2,774,392	-28%
Silencers	no.	1,166,487	1,557,185	-25%
Metal components	no.	4,023,567	5,098,832	-21%
Intensity by product	GJ/product	0.000332828	0.0003	0%
Intensity for Components and plastic material	GJ/product	0.0012	0.0011	0%
Intensity for Silencers	GJ/product	0.0020	0.0019	0%
Intensity for Components in metal	GJ/product	0.0006	0.0006	0%

Other emissions				
	Unit of measure	2020 Production	2019 Production	Delta % 19-20
COV (Solvents)	Kg	794.86	1197.65	-34%
Powders	Kg	1064.29	1343.89	-21%

Water use					
Source	2020		2019		Delta % 19-20
	All areas	Areas of water stress	All areas	Areas of water stress	
Groundwater (total) m <sup>3</sup>	7,827	0	16,488	0	-53%
Third party water (total) m <sup>3</sup>	18,187	0	22,212	0	-18%
<b>Total water use</b>	<b>26,014</b>	<b>0</b>	<b>38,700</b>	<b>0</b>	<b>-33%</b>

Water discharge					
Water discharge by destination	2020		2019		Delta % 19-20
	All areas	Areas of water stress	All areas	Areas of water stress	
Groundwater (total) m <sup>3</sup>	4,137	0	5,937	0	-30%
Fresh water (≤ 1000 m <sup>3</sup> total dissolved solids)	4,137	0	5,937	0	0
Other water (> 1000 m <sup>3</sup> total dissolved solids)	0	0	0	0	0
<b>Total discharges</b>	<b>4,137</b>	<b>0</b>	<b>5,937</b>	<b>0</b>	<b>-30%</b>

Waste					
Disposal method	2020				
	Unit of measure	Total	Hazardous	non-hazardous	disposal method % out of the total
Villarbasse	Kg	307,212	7,607	299,605	
Recovered	Kg	302,905	3,300	299,605	99%
Disposed of	Kg	4,307	4,307	-	1%
Beinasco	Kg	1,044,177	62,750	981,427	
Recovered	Kg	992,327	10,900	981,427	95%
Disposed of	Kg	51,850	51,850	-	5%
Valfenera	Kg	952,819	35,334	917,485	
Recovered	Kg	923,599	6,114	917,485	97%
Disposed of	Kg	29,220	29,220	-	3%
<b>Total</b>	<b>Kg</b>	<b>2,304,208</b>	<b>105,691</b>	<b>2,198,517</b>	

PRODUCT RESPONSIBILITY

Distribution of purchases				
Geographical area	2020		2019	
	expenditure in €	€ %	expenditure in €	€ %
Piedmont	34,471,425	32%	34,425,000	29%
Rest of Italy	41,554,802	38%	45,088,000	38%
Abroad	32,798,636	30%	39,427,000	33%
<b>Total</b>	<b>108,824,863</b>	<b>100%</b>	<b>118,940,000</b>	<b>100%</b>