



Sustainability
Report
2020

coesia



Bologna, November 2021

Coesia's 2020 Sustainability Report illustrates the Group's commitment to create sustainable economic, social, and environmental value for all stakeholders, in a year permanently marked by the Covid-19 pandemic.

The context in which we used to interact has undergone drastic changes, creating instability and uncertainty in our society and also in our community, imposing new priorities and important challenges on us.

In an uncertain situation like the one we are still experiencing, our founding values must guide us, first of all social cohesion. In fact, the aim of the activities of the Group's Companies is to bring value to the territories where they operate. With over 8,000 employees of 76 nationalities in 35 countries, Coesia is a real productive and social ecosystem: each person is an integral part of the organization, its business and its success.

In a constantly evolving socio-economic context, Coesia confirms its desire to pursue a long-term sustainable growth model, focused on people and on promoting a shared sense of responsibility on social and environmental issues.

This edition of the Sustainability Report is also aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Standards. The data collected in this report describe the active participation of the Group and its 21 Companies.

Thanks to all the collaborators, partners and stakeholders who have worked tirelessly, with dedication and professionalism, to continue to support the communities we are proud to be a part of.

The President
Isabella Seràgnoli

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Group highlights 2020

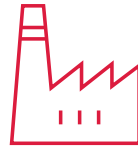
COESIA PROFILE



1,761 mln€
revenues



21
companies



83
production
facilities



35 countries

PEOPLE



8,241 employees
from **76** nationalities



+382 new hires



17.2% women in
the Group



1,588 people
employed in
Engineering and R&D

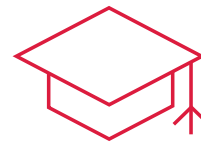
LEARNING AND DEVELOPMENT



6,104 employees
participating in the People
Performance Dialogue



119,000+ hours
of learning and
development



14.4 hours of learning
and development per
employee

HEALTH AND SAFETY



0 incidents with severe
or fatal injuries

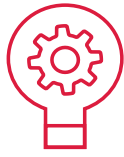


2.9 frequency index
of incidents



44.6% of people covered
by OHSAS 18001 and
ISO 45001

SUSTAINABLE INNOVATION



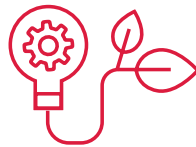
9.3% of revenues invested in Engineering and R&D



29 new products launches



1,308 patented inventions



5% of patent applications related to sustainable solutions



316 new Lean Six Sigma projects

SUPPLY CHAIN



~**90%** direct spending with local suppliers



~**15,000** total suppliers (direct+indirect)

ENVIRONMENT



-12% emissions intensity vs 2019



-13% waste produced vs 2019



35,761 t CO₂ eq emissions (Scope 1, Scope 2–location-based and Scope 3)



-16% water consumption vs 2019



Coesia: creating value for sustainable growth





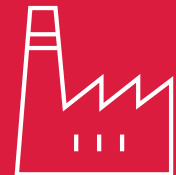
Sole Shareholder
Isabella Seràgnoli



headquarters in
Bologna



21 companies



83 production
facilities



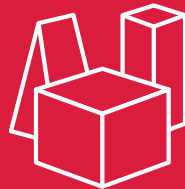
Code of Ethics
and
Anti-corruption
Guidelines



20 industries



21 technologies



over **500** solutions and
full-service packages

1.1

A history of excellence

Coesia is a private Group and a worldwide leader in innovation-based industrial and packaging solutions. It is fully owned by Isabella Seràgnoli.

Over the years, Coesia has expanded its international presence thanks to organic growth and the acquisition of Companies specializing in different sectors, anticipating the demands of the market.

To date, the Group consists of 21 Companies with 83 production facilities in 35 countries, forming a global network of increasingly consolidated relationships. Coesia's head office is located in Bologna and its history dates back about one hundred years.

1923 – 1940

G.D, a motorcycle production company established in 1923, is taken over by Enzo Seràgnoli in the late 1930s.

1940 – 1950

The Company shifts its focus to packaging in the confectionery and soap sectors. The first automatic wrapping machine is launched with the contribution of Ariosto Seràgnoli.

1950 – 1960

The G.D brand establishes itself at international level and the Company becomes a worldwide leader in the highly automated industrial machinery sector.

1960 – 1980

G.D enters the tobacco sector with its revolutionary 4350/Pack wrapping machine, becoming the unrivalled leader in the sector.



1980 – 2000

In the early 80s the Company begins to diversify its business with the acquisition of CIMA, ACMA, GDM and VOLPAK.

2000 – 2010

In 2002 Isabella Seràgnoli becomes sole shareholder of the Group, which is renamed Coesia in 2005. Further acquisitions strengthen the Company: HAPA, LAETUS, ADMV, CITUS, KALIX, NORDEN e SACMO.

2010 – 2015

Coesia's expansion accelerates with the acquisition of FLEXLINK, SASIB, R.A JONES and IPI. In 2012 the CEC (Coesia Engineering Center), a highly specialized team for the development of strategic innovation projects, is established. In 2015 Coesia publishes its first Sustainability Report.

2016 – 2018

EMMECI, GF, MOLINS, CERULEAN, MGS, ATLANTIC ZEISER, TRITRON and COMAS join the Group.

2019 - 2020

In January 2019 Coesia acquires 60% of the ceramic business of SYSTEM S.p.A., incorporated in a new company called SYSTEM CERAMICS, and enters the sector of machinery and plants for ceramics. In 2020 negotiations begin for the acquisition of the remaining shares, completed in June 2021.

1.2

Coesia today: a global enterprise

A dynamic and global business: Coesia can count on a solid organization of over 8,000 employees and 21 Companies present in 35 countries with 83 production facilities in 135 operating units.

OUR MISSION

”Creating long-term sustainable economic, social and environmental value for our customers, our employees, the shareholder and the communities in which we operate.”

Coesia has always striven to create and maintain a stimulating working environment for its people and invests in order to promote a culture focused on the core values that guide the Group’s actions.

OUR VALUES

Respect

Respect for people, rules, local communities, environmental and economic resources.

Respect implies rigour and integrity

Responsibility

Responsibility for the consequences of one’s decisions and actions, responsibility to lead by example, practice fair leadership, reward merit, nurture talent, achieve results and to be committed.

Even collective responsibility starts with individual accountability

Knowledge

Knowledge as professional and personal growth. Knowledge comes from culture, education, training, research, experience and relationships.

Sapere Aude: Dare to know

Passion

Passion for the product, innovation, excellence, beauty, work and performance.

Passion allows us to envision results even before achieving them

CULTURAL TRAITS

A survey on culture enabled Coesia to identify the six cultural traits that underpin the development of its strategy and ambitions.

The culture that emerged is:

Accountable

Promoting accountability by granting trust through delegation.

Collaborative

Achieving in-depth integration by valuing diversity.

Long-term focused

Acting while ensuring the sustainability of the business over time.

Innovative

Investing in innovation, ensuring continuous evolution of products, services, and business models.

Outward-facing

Focusing on customers and communities, understanding their point of view.

Open and transparent

Sharing knowledge and ideas to grow as a strong and cohesive Group.

LEADERSHIP MODEL

The purpose of the Coesia leadership model is to support the Group's strategy in line with the message of its values. It is a compass pointing to a common language aimed at identifying key behaviors for the success of the individual and the organization.

As such, the leadership model:

- helps to understand and communicate expected results;
- raises awareness of what is required in the different stages of individual and professional growth;
- focuses on both individual strengths and areas for improvement.

Key features of the leadership model:

- INNOVATE
- BE CUSTOMER-CENTRIC
- MAKE DECISIONS
- DELIVER RESULTS
- INSPIRE OTHERS
- COLLABORATE
- MANAGE COMPLEXITY

THE BUSINESS MODEL AND THE 2020 STRATEGY

At the heart of Coesia's business model is the Group Governance, whose purpose is to coordinate and guide a complex organization.

The entire organization works to serve customers, sharing technologies and best practices.

Several macro-trends have emerged since the beginning of the new millennium which have contributed to rapidly changing the way we live and creating a scenario characterized by new strategic opportunities. Coesia wants to seize these opportunities to play a leading role worldwide in the supply of advanced industrial and packaging solutions.

Coesia aims to grow through product and service innovation: a customer-oriented form of innovation with the clear intention of creating value for both customers and the Group.

Coesia enhances the value of its Companies by acting as a strategic enabler, providing them with structured and effective support to aid their growth.

Coesia 2020 Strategy

STRATEGIC DRIVERS

OBJECTIVES

CUSTOMER-CENTRIC INNOVATION

Leverage on Coesia's engineering heritage in high-end technologies, while improving fit-to-purpose mid-tier solutions.

GLOBAL FOOTPRINT

Complete the Group's global footprint with best-in industry reach and service capabilities.

GROWTH PLATFORMS

Strengthen leadership in the current portfolio and grow in promising adjacent segments.

SERVICE

Enhance customer service skills and competencies across all businesses

IMPLEMENTATION EXCELLENCE

Maximize the impact of the initiatives implemented by the Companies and ensure continuous efficiency improvement.

BEST GLOBAL TALENT

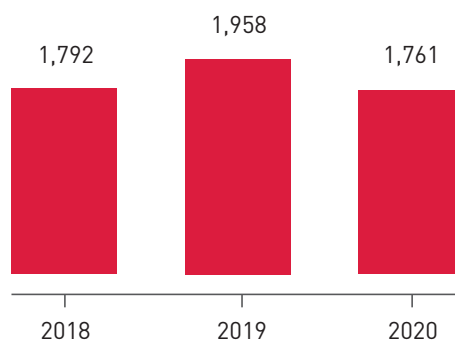
Continue to strengthen the Coesia management team to sustain growth ambition.

OUR BUSINESS AROUND THE WORLD

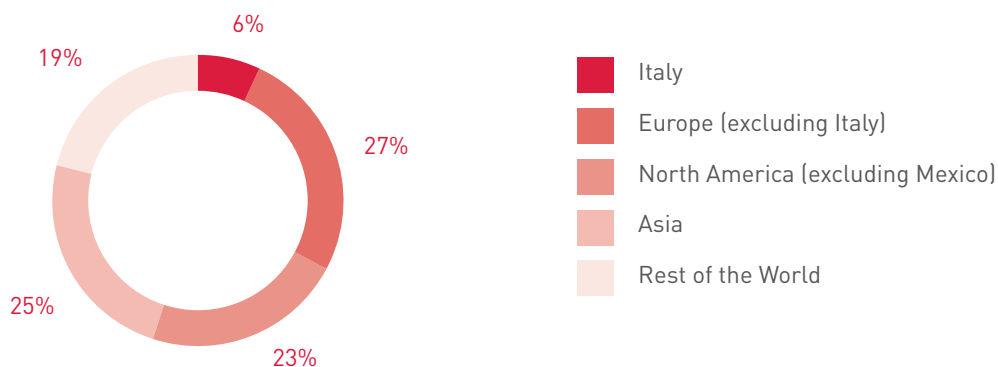
Coesia aims to be a leading global provider of advanced industrial and packaging solutions. Over the years, the Group has continued to consolidate its position on the market. 2020 was a challenging year for the Group due to the Covid-19 pandemic,

to which it responded by ensuring solid business continuity and strong oversight on health and safety issues. This commitment enabled the Group to record a turnover of Euro 1,761 million in 2020, slightly down compared to the previous period.

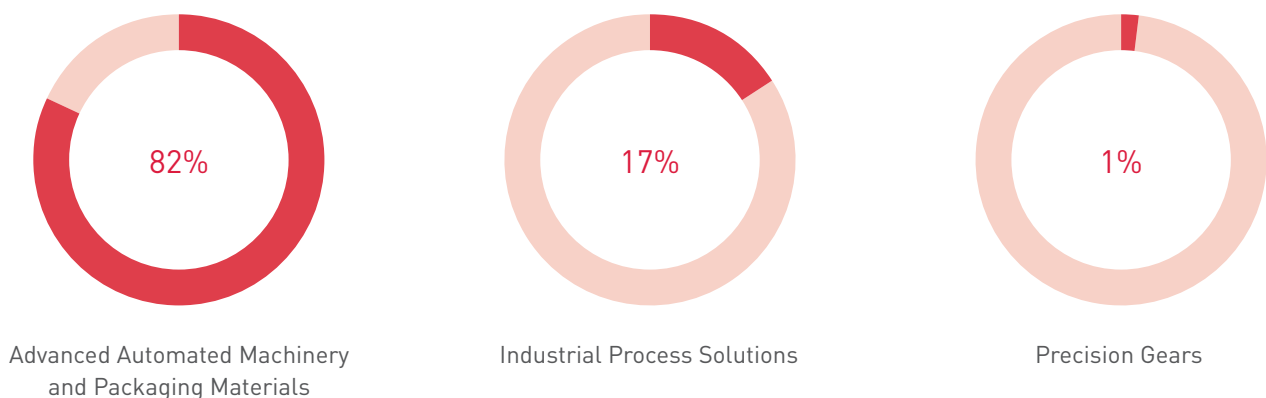
Turnover trend in the three-year period 2018-2020 (million euro)



Breakdown of 2020 turnover by geographical area



Breakdown of 2020 turnover by business line



GROUP PROFILE

To meet the needs of customers in the most diverse sectors, Coesia provides a wide range of technologies developed and produced by its Companies, structured on the basis of three main business lines.

TECHNOLOGIES

- Assembly & Combining
- Automated Production Flow
- Card Personalization & Fulfilment
- Cartoning & Eol
- Cutting
- Exhaust Air Treating
- Filling
- Gears & Special Parts
- Green Leaf Threshing
- Making and Forming
- Monitoring & Inspection
- Packing & Wrapping
- Pressing & Decorating
- Pouching & Bagging
- Powder Treatment
- Primary Processing for Conventional Tobacco Products
- Primary Processing for NGP
- Printing
- Product Analysis
- Robotics
- Software & Controls

INDUSTRIES

- Aerospace
- Automotive
- Beverage
- Cards
- Ceramics
- Chemicals
- Dairy
- Electronics
- Food
- Home Care
- Industrial Goods
- Luxury Goods
- Next Generation Products
- Personal Care
- Pet Care
- Pharma & Healthcare
- Racing
- Tea & Coffee
- Tissue & Hygiene
- Tobacco

Advanced Automated Machinery and Packaging Materials

TOBACCO

Partnerships with customers in the tobacco industry have gradually strengthened over the years thanks to the Group's ability to quickly respond to new demands through the design and construction of machinery for so-called Next Generation Products and Reduced Risk Products.

CONSUMER GOODS MACHINERY AND MATERIALS

Several Companies are active in the fast-moving consumer goods sector, the market in which Coesia faces the fiercest competition. Thanks to their broad portfolio of products, these Companies are able to provide solutions for different industries and represent strategic partners for large international corporations.

CERAMICS

With the acquisition of System S.p.A.'s ceramic business, incorporated in a new company now called SYSTEM CERAMICS S.p.A., in 2019 Coesia entered the sector of machinery and plants for ceramics, a dynamic and technologically advanced market in which System is an undisputed leader.

Industrial Process Solutions

This business line is of fundamental importance for Coesia, enabling it to provide customers with solutions for the integration of production processes, the automated transport of materials, hardware and software control and monitoring as well as printing and labelling systems.

To consolidate its presence in the world of digital printing and industrial inks, Coesia has established the Digital Printing Solutions cluster.

Precision Gears

Coesia is also present in the niche market of Precision Gears. Supplying customers operating in the automotive and racing or aerospace industries, has enabled the Group to steadily improve its results over the years, consolidating its reputation for quality excellence.

ACMA

Manufactures high and medium speed packaging machinery for confectionery, chocolate, soap, tea, and liquid products.

CERULEAN

Manufactures and supplies quality, process control and measuring instrumentation for the tobacco industry as well as packing and testing equipment for tube manufacturers.

CITUS KALIX

Produces lipstick filling machines, hot-filling machines for creams and foundation, deodorant, as well as tube filling machines, cartoners and feeding systems.

COMAS

World leading supplier of tobacco primary equipment and processing solutions. Thanks to its flexible approach, it is able to offer its customers a broad range of solutions also for tobacco Reduced Risk Products.

EMMECI

Leading provider in the design, production and promotion of automatic machinery and packaging solutions for premium and luxury products.

G.D

Leader in the supply of high-tech machinery for cigarette making and packing and Next Generation Products.

GDM

Leader in the field of disposable hygiene products, it provides innovative converting and packing solutions for the production of baby diapers and pants, adult incontinence briefs and lady sanitary napkins.

GF

Provides automated machinery for liquid filling and quality control systems for the pharmaceutical industry.

IPI

Provides complete solutions for the aseptic packaging of liquid products in multilayer structure.

MGS

Designs and manufactures state of the art packaging automation solutions with core competencies in secondary packaging and product handling. Industries of focus are pharmaceutical and life sciences, food and cosmetics.

MOLINS

A leading company in the tobacco industry, it specializes in the design, development, and manufacture of secondary tobacco processing machinery.

NORDEN

Leading supplier of high-performance tube filling systems, covering all speeds and applications in cosmetics, pharmaceuticals, and personal care.

R.A JONES

Manufactures packaging machinery for food and consumer goods, including pouch filling and cartoning, chub packaging, cup filling and sealing, aerosol machinery, bottle filling and patented solutions for improving shelf life.

SASIB

Manufactures automatic machinery for the tobacco industry and specializes in cigarette making and packing, filter tubes, and machines for other tobacco products (OTP).

SYSTEM CERAMICS

An international leader in the development of process systems for the ceramics industry, it guarantees high industrial standards with regards to pressing, decorating, sorting lines and quality control. In addition to providing advanced packing, palletising, and handling solutions.

VOLPAK

Manufactures packaging lines for horizontal form-fill-seal (HFFS) pouches for food, beverage, personal and home care products.

ATLANTIC ZEISER

Provides near-line/in-line digital printing solutions for the consumer goods packaging industry and card personalization systems.

FLEXLINK

Leader in industrial automation and supplier of innovative automated solutions to produce goods smarter and safer at a lower operating cost. It manufactures conveyors, material handling systems and industrial feeders and delivers turn-key solutions including controls and standardized robotics.

HAPA

With a focus on Life Science, it delivers Good Manufacturing Practices (GMP) compliant, on demand and late-stage customization printing technologies that increase production agility, reduce costs and waste.

TRITRON

Develops and produces high quality inks for industrial digital printing applied to the consumer goods and the pharmaceutical industries.

CIMA

For over fifty years it has been manufacturing power trains and high-performance gear transmissions. It is a supplier of several racing teams.

Coesia provides over 500 packaging solutions to meet the ever-increasing demands of the market, its products and services being designed with the latest state-of-the-art and innovative technologies.

Coesia's attention to the customer and its global ambition have led the Group to preside over the markets through the opening of production sites and sales branches around the world.

In 2020 Coesia is present in 35 countries, as shown on the map.



OUR SERVICES

For Coesia, investing in customer loyalty means investing in the future. For this reason, the Group is committed to providing an excellent after-sales service, an important success factor for all its Companies.

Customer Service is synonymous with global presence, flexibility, simplicity, and continuous support.

Nowadays customers do not just want spare parts or on-call technicians. This is why Coesia has expanded its portfolio of customer services in order to offer a unique and valuable experience, based on collaboration and mutual trust.

Parts and materials



Since 2019 the Coesia Webshop e-commerce platform has been updated and enhanced to enable the Group Companies to simplify the supply of spare parts and components for all types of machine models and generations. The platform offers customers a complete and uninterrupted service with the possibility of ordering spare parts directly from the site anytime and anywhere with real-time access to available parts.

Maintenance services



Coesia's field service technicians are highly specialized and equipped with all the necessary tools to inspect and assess the condition of the equipment, quantify the spare parts needed and determine the level of assistance and/or repairs required. By working closely with customers, the technicians can carry out routine or preventive maintenance to guarantee the ongoing performance and value of the machines over time. With the support of high-quality audio and video tools and the help of augmented reality, Coesia can provide customers with efficient support even from remote locations. Coesia Remote Assistance guarantees a faster troubleshooting process with consequent reduction in machine downtime and costs.

Equipment modernization



The Group offers a wide range of modernization services to enhance machine productivity and reliability, improve product quality, reduce maintenance costs, meet new regulatory standards and add new features. Modernization services range from standard technical upgrades to the complete overhaul of machines if they have been disassembled or damaged, in addition to the replacement of obsolete components where necessary. Regardless of the type of intervention required, the original performance of the machine is fully restored.

Training and documentation



All Group Companies offer customized training courses and specific documentation available in various languages so that customers can develop the technical skills necessary to maintain high levels of performance, quality and productivity. Training programs can be held either in-house or at the customer's facility or even remotely when required.

Consulting services



Thanks to its extensive experience in many applications, Coesia is able to help the customer implement the best industrial practices to achieve worldclass levels of productivity and create added value starting from the production activity itself.

Production support



Coesia is committed to providing customers with personalized, fast and effective technical support at all stages, from installation to commissioning and onward. Technical staff are equipped with remote assistance tools thus guaranteeing maximum coverage worldwide.

Remote Factory Acceptance Test (FAT)

In early 2020 restrictions and stringent prevention and safety measures related to the pandemic made it impossible for customers to travel to the Coesia sites to validate equipment before shipment. Factory Acceptance Tests (FAT) therefore became virtual: thanks to Remote FAT it is possible to organize virtual meetings, share information and perform activities, speeding up processes and making the acceptance test procedure easier. Through virtual collaboration tools, video streaming and augmented reality - which guarantee business continuity even in unforeseen circumstances - Coesia provided an all-encompassing experience with excellent results. From Remote FAT to Remote Assistance services, Coesia's technical staff is evolving towards an increasingly efficient collaborative environment with its customers.



1.3

Governance and Organization

Coesia's governance structure is based on a solid organizational model focused on achieving long-term strategic objectives, defining roles and responsibilities consistent with the Group's activities, and establishing a correct and ethical corporate code of conduct.

As such, the purpose is to lay down the guidelines that define business processes and, consequently, generate value for stakeholders.

Auditors, and the auditing of corporate accounts such as the annual and consolidated Financial Statements to an external audit company.

Appointed on 26 June 2020, the Board of Directors supports the interests of the Group, defines its strategic guidelines and promotes its sustainable growth.

From its appointment until 31 December 2020, the Board of Directors consisted of five members, including the President and Chief Executive Officer, Isabella Seràgnoli.

Two members of the Board (40%) are women belonging to the 30-50 and over-50 age groups. The other three Board members (60%) are male and all over 50 years old.

CORPORATE GOVERNANCE STRUCTURE

Based on the Coesia governance structure, the management of the Group is entrusted to the Board of Directors (BoD), the control and supervision of its work to the Board of Statutory.

BOARD OF DIRECTORS¹



Maurizio
Gatti

Lorenza
Guerra
Seràgnoli

Maurizio
Petta

Stefano
Proverbio

¹On 23 February 2021, the Board of Directors of Coesia S.p.A. appointed Mr. Alessandro Parimbelli as Chief Executive Officer of the Coesia Group.

ORGANIZATION OF THE GROUP

Activities within the Group are managed by the President and Chief Executive Officer. Corporate Communication reports directly to both functions, while all business-related activities are organized according to a matrix structure.

With effect from 1 January 2020, the position of Chief Executive Officer of the Company, previously held by Angelos Papadimitriou, was taken over by the President of the Board of Directors.

Group Functions include Finance, Human Resources, Coesia Engineering Center (CEC), which constitutes the Group’s Research and Development center, and Coesia Market Development Services comprising Coesia Marketing and Product Management, Customer Service, Customer Relationship Management, Global Key Account Management (GKAM), Coesia Digital and Environmental Sustainability.

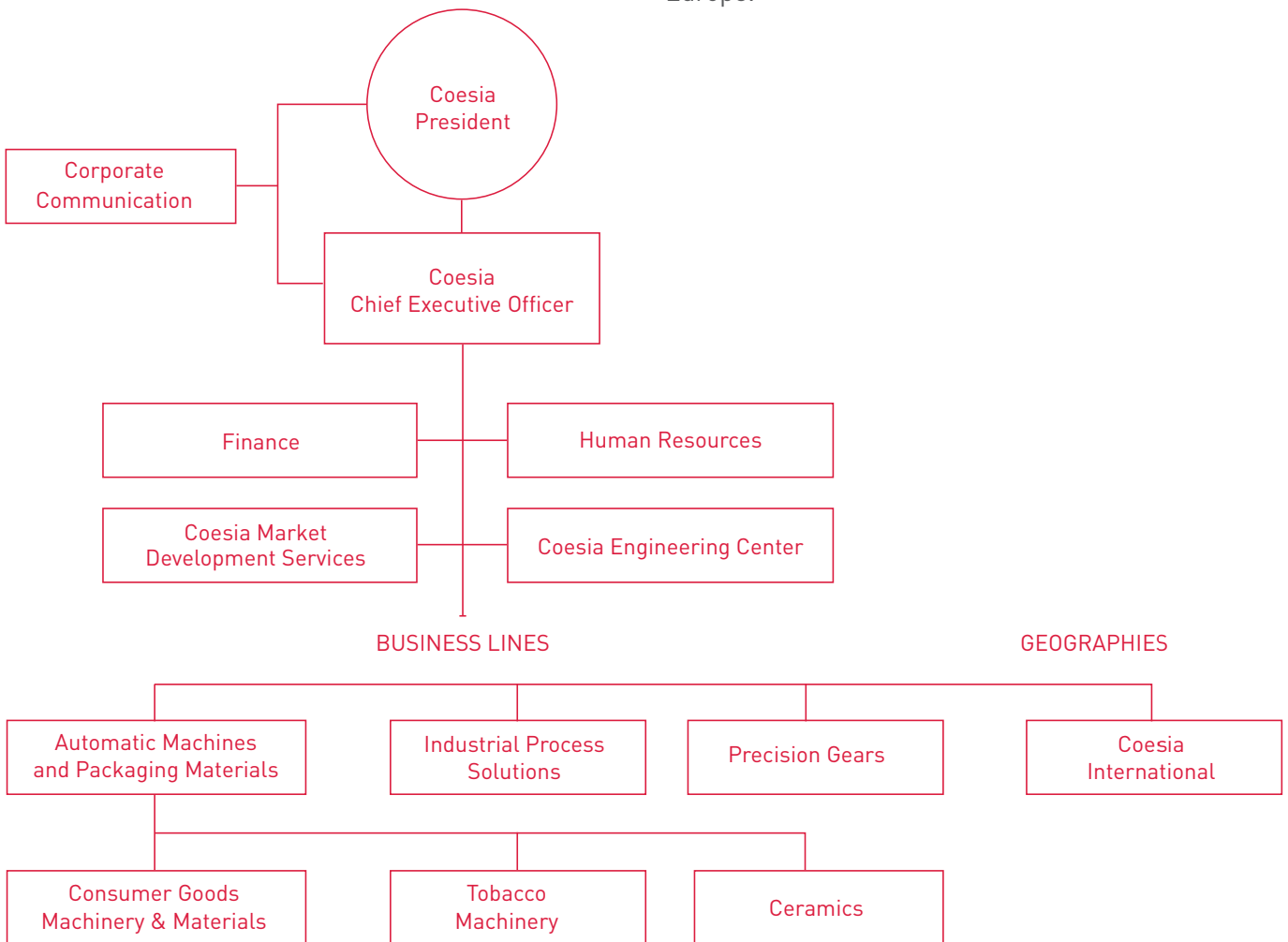
In terms of organization, the 21 Group Companies operate in three business areas:

- **Advanced Automated Machinery and Packaging Materials:** includes 16 Companies operating in the tobacco, fast-moving consumer goods and ceramics industries.
- **Industrial Process Solutions:** includes 4 Companies that provide automated solutions to enhance the efficiency of production systems.
- **Precision Gears:** provides an integrated manufacturing process that meets the high standards demanded by the automotive, racing and aerospace industries.

The Group is also organized geographically by Regions.

The purpose of this structure is to support the expansion and optimization of Coesia’s global presence, enhancing its growth in emerging markets and improving its ability to customize products to meet the specific needs of different local and regional markets.

Most of the 21 Coesia Companies are based in Europe.





1.4

Preventing and reducing risk

Coesia's Companies are exposed to the same risks and uncertainties, faced by similarly global companies operating in the design, production, and sale of high-tech durable solutions.

RISKS AND OPPORTUNITIES

The Group is actively committed to identifying potential risk factors in its activities not only to minimize their impact but also to focus on the opportunities deriving from these assessments with a view to increasing its competitive advantage.

Coesia manages risks and opportunities through a strategy integrated into the operating model of all Group Companies. This strategy ensures that the impact of operational and strategic risks, which are closely related, for example, to the cost of raw materials, mergers and acquisitions, as well as financial, legal, security and human resources issues, is assessed and minimized.

Coesia evaluates specific sustainability risks and opportunities at both company and asset level, taking account of aspects that could have a direct impact on the Group's business, such as the introduction of new energy regulations, but also reputational risks and opportunities that could affect the way Coesia is perceived by customers or suppliers.

INTERNAL AUDIT

While the Companies and the different Corporate Functions have primary responsibility over the identification and the management of risks, Internal Audit plays a key role in assisting the organization in these activities through a systematic approach which includes assessing and improving risk management as well as the controlling and corporate governance processes. In this context, Internal Audit is responsible for objectively and independently assessing the overall risks to which the Company is exposed, reviewing the internal control system, verifying the effectiveness and efficiency of operational and financial processes, and

ensuring compliance with applicable laws, regulations, and legislation, also in the HSE area.

The role of Internal Audit in the risk management process therefore comprises two levels: the definition of the audit plan and related qualitative-quantitative assessment criteria and, subsequently, the implementation of auditing activities on the internal control system of selected Companies.

In order to constantly monitor risks in a global organization like Coesia, Internal Audit carries out about 20 audits per year on the Group Companies, adopting a risk-based approach.

An integral part of the Internal Audit is the Privacy Office, which is tasked with managing privacy-related issues. In addition, since 2017 Coesia has set up the Privacy Board which, made up of professionals from different business functions, is tasked with meeting periodically to address any issues related to privacy management with the aim of raising awareness over the type of data accessible and usable at all levels of the organization, while ensuring full compliance between the Group's practices and European Regulation 2016/679 ("GDPR").

In 2020, the challenges of the Privacy Office multiplied in the face of the demands that emerged due to the pandemic. In fact, the department had to broaden the range of issues it addresses both as a result of the launch of new services, and by providing services in non-traditional ways, opting for solutions that guaranteed the privacy and at the same time the effectiveness of the Group's activities.

Finally, Coesia's attention to the management of privacy is reflected by the fact that, during the three-year period 2018-2020, there were no breach incidents of privacy rules nor any leak of sensitive data of the Group's clients.

As of 1 January 2021, the Internal Audit function reports directly to the President of Coesia

Cyber Security

The global pandemic has led to major changes in terms of organization and working methods with the widespread adoption of remote working. Cyber Security has been strongly impacted, with cyberattacks increasing by up to 300% worldwide since the beginning of the pandemic.

“Coronavirus” issues have been exploited by attackers to mask numerous attempts at Phishing and the sending of malware. These attacks exploit the widespread fear, uncertainty, and doubt among the population, leveraging, on the one hand, on the emotional reactions of workers to extort and disseminate confidential information and, on the other, on the cyber vulnerabilities inherent in remote working activities.

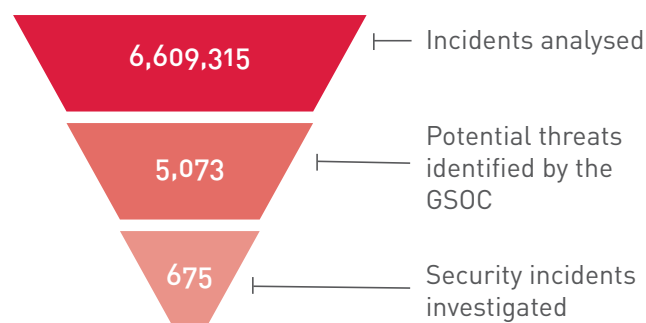
To protect the Group from this new wave of attacks, the functionalities and investigative capabilities of the Global Security Operation Center (GSOC)

have been further enhanced to constantly monitor cyberattacks and digital threats on a 24-hours basis.

Particular attention has also been paid to communication systems, such as e-mail, by implementing measures to automatically detect malicious messages and by simplifying the ways in which workers can report suspicious communications and receive support from the Cyber Security team.

To support the ongoing digitalization process, which will see the increasingly widespread use of mobile devices and remote connections to carry out work activities, training sessions have been provided in order to raise awareness among the corporate population of the specific risks associated with these new modes of interaction.

The numbers of the Global Security Operation Center in 2020



1.5

Commitment to business ethics

Ethics is a fundamental cornerstone of business and plays a central role, as part of corporate responsibility, in providing a cultural stimulus to foster and enhance social relations, inspiring the daily conduct of the Group. Coesia's value is based not only on its ability to carry out its activities in compliance with environmental, social, and economic laws and regulations, but also on the ability of the Group to go beyond compliance and act in accordance with the expectations of its stakeholders.

With the aim of promoting a system geared towards fostering responsible behavior, Coesia has put in place numerous tools and processes to ensure high ethical standards among all employees and partners of the Group.

Coesia's commitment to ethical business is based on the Group's values, as set out in its Code of Ethics which, together with the Anti-Corruption Guidelines, the Organization, Management and Control Model (MOG), the grievance mechanism and the training on ethics and anti-corruption issues, creates a solid structure aimed at ensuring a system of crime prevention at Group level.

CODE OF ETHICS

Coesia has decided to adopt its own Code of Ethics in order to promote social and environmental responsibility among the group of businesses and to improve the quality of life of the communities in which it operates. The document, based on Coesia's values and mission, is an effective tool for promoting, in a shared, structured, and continuous way, the social responsibility project and concept in all Group Companies and in their relations with their stakeholders.

Coesia's Code of Ethics has been shared on a global scale to ensure that the Group's commitment is clear and transparent to all stakeholders.

The Coesia Code of Ethics is available on the Group's website:

<https://www.coesia.com/it/group/corporate-governance/business-ethics>

ANTI-CORRUPTION GUIDELINES AND ORGANIZATION, MANAGEMENT AND CONTROL MODEL

As an international organization operating in different economic, institutional, social, and cultural contexts, it is the responsibility of the Group to act in compliance with the laws and regulations applicable in the countries in which it operates. Coesia's commitment to fighting corruption is expressed in the values of the Group, and in the guiding principles such as loyalty, fairness, transparency, honesty, and integrity, which underpin its daily actions.

The Group has adopted Anti-Corruption Guidelines to promote the highest standards in all its business relations and a suitable Organization, Management and Control Model, overseen by the Supervisory Body (SB) and the Anti-Corruption Committee, a body appointed for this specific purpose, to ensure the Group's compliance with Italian Legislative Decree 231 of 8 June 2001. In 2020, all the procedures relating to the Organization, Management and Control Model were updated and completed, pursuant to Legislative Decree no. 231/2001, by all the Italian Companies of the Group.

Finally, over the years, various guidelines have been drawn up to help foster a spirit of partnership with suppliers, promoting innovation in compliance with the Group's values and code of conduct. These anti-corruption guidelines are contained in a single document: the Supplier Code of Ethics.

This document represents an opportunity to strengthen the relationships that the Group Companies have with their stakeholders, starting from the main values that underpin Coesia's actions. The pillars on which the Code of Ethics is based guide the relationships between Coesia and its suppliers and outline the standards required so that they are complied with worldwide.

The Group's Code of Ethics and Anti-Corruption Guidelines, available in more than 10 languages, define the way in which Group employees operate.

GRIEVANCE MECHANISM

As in previous years, the grievance mechanism was active again in 2020, enabling any violations of the Anti-Corruption System, including potential ones, to be reported while protecting the privacy of the individual and explicitly prohibiting any form of retaliation.

COMMUNICATION AND TRAINING ON BUSINESS ETHICS

Coesia is strongly engaged in supporting a cascading communication system that aims to raise awareness of business ethics standards throughout the organization. For this reason, it undertakes to distribute the Anti-Corruption Guidelines and the Code of Ethics to all people joining the Coesia world.

All Group managers and those who may play a key role in this area must also follow a training program on Anti-Corruption principles. Through the e-learning platform, Coesia has also been able to extend the dissemination of the program to all new employees.

Confirming the Group's commitment to business ethics, in the three-year period 2018-2020 there have been:

- no confirmed incidents of bribery;
- no significant violations of social and economic laws and regulations;
- no legal actions related to anti-competitive behavior and violations of antitrust regulations, or monopolistic practices.

1.6

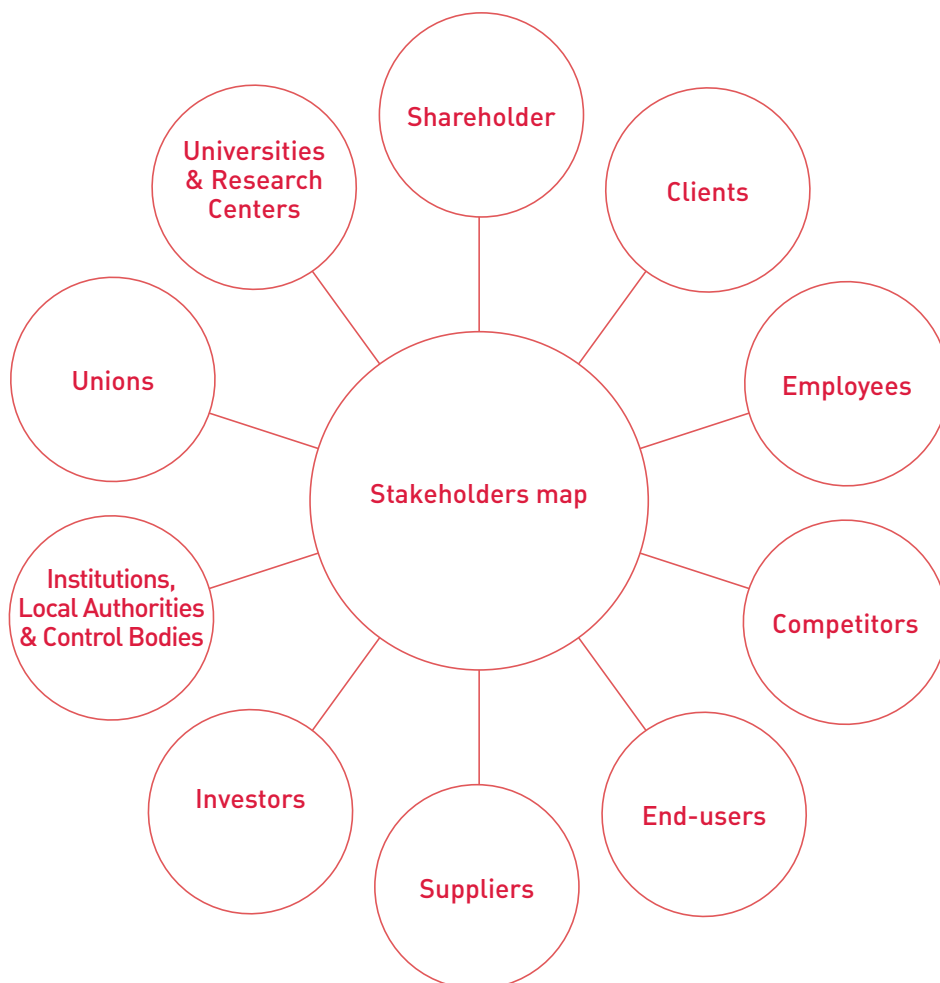
Stakeholder engagement

For Coesia, engaging its stakeholders in an active and constant dialogue means identifying their expectations and responding promptly to changes in the market and the communities in which Coesia operates. For this reason, in order to create long-term sustainable value and successfully implement its strategy, the Group is committed to establishing and maintaining a relationship of transparency and trust with its stakeholders.

Coesia strives for continuous improvement of technologies, products, solutions, and processes with a view to exceeding stakeholder expectations.

A structured engagement process is essential for Coesia to be able to assess its stakeholders' level of satisfaction and thereby identify any areas of improvement on which to focus the Group's priorities. At the same time as updating the materiality analysis, Coesia has involved the company management in a workshop aimed at identifying the main stakeholders, classifying them based on criteria of dependence on Coesia and their influence on the Group.

This analysis has led to the identification of the categories of stakeholders considered most relevant and with which Coesia undertakes to provide regular discussion opportunities and appropriate dialogue channels.



With the goal of securing mutual benefits and continuous value generation, Coesia is committed to the constant engagement and empowerment of its stakeholders.

The table below summarizes the main listening and engaging tools for the Group's key stakeholders.

LISTENING AND ENGAGING OF THE STAKEHOLDERS

Stakeholder	Engagement frequency	Activity
Shareholder	Ongoing	<ul style="list-style-type: none"> Shareholders' Meeting Active engagement in the Group's management
Clients	Ongoing	<ul style="list-style-type: none"> Product catalogues Partnerships for the development of new products Trade show events Service Website
Employees	Recurrent	<ul style="list-style-type: none"> Collective bargaining Climate Survey Newsletter
	Ongoing	<ul style="list-style-type: none"> Training Website Performance evaluation
Competitor	Recurrent	<ul style="list-style-type: none"> Trade show events
End-user	Ongoing	<ul style="list-style-type: none"> Customer feedback Market analysis Website
Suppliers	Ongoing	<ul style="list-style-type: none"> Relations with the reference company functions Website
Investors	Recurrent	<ul style="list-style-type: none"> Press Releases Periodic meetings Website, Investor Relations section
Institutions, Local Authorities and Control Bodies	Ongoing	<ul style="list-style-type: none"> Meetings with Public Administration Relations with local institutions
Unions	Recurrent	<ul style="list-style-type: none"> Scheduled meetings with Unions
Universities and Research Centers	Recurrent	<ul style="list-style-type: none"> Collaborations and partnerships Meetings with Universities and Research Centers

Confirming the importance of stakeholders for the Group and to facilitate dialogue among the main companies in the sector, Coesia is a member of trade associations and other organizations active in the territories in which it operates.

In particular, ACMA, the Italian headquarters of FLEXLINK, G.D and SASIB are members of UCIMA, Unione Costruttori Italiani Macchine Automatiche per il Confezionamento e l'Imballaggio [Union of Italian Manufacturers of Automatic Machines for Wrapping and Packaging]. The Companies G.D, SASIB, ACMA, CIMA, COMESCA and SYSTEM CERAMICS are members of Confindustria Emilia.

FOCUS ON THE COMMUNITY

All Coesia Companies are committed to promoting the wellbeing of the communities in which they operate, creating collaborations, relationships and partnerships with local authorities, institutions, and associations. The Group also encourages corporate volunteering initiatives at all Companies.

Coesia supports projects focused on social inclusion, gender issues, disabilities, immigrants and refugees, climate change and finances foundations and institutions active in the fields of scientific and medical research, sport, art, and culture as well as aiding regions affected by natural disasters.

With the ongoing commitment to the wellbeing of local communities, the Group has supported various non-profit organizations, hospitals, and health centers with donations of personal protective equipment and medical devices amounting to over Euro 4.4 million.

Fare Impresa in Dozza (FID): a prison-based company to build a better future

Fare Impresa in Dozza (FID), located in the prison of the same name in Bologna, is a social organization established in 2010 by G.D., and by the companies IMA and Marchesini together with the Aldini-Valeriani Foundation, with the aim of offering the real possibility of work to disadvantaged people.

FID carries out carpentry work and assembles mechanical components for its member companies thanks to a fully functioning workshop set up in the Bologna prison and the employment of about fifty inmates since its opening. At the end of their prison sentence, workers leaving the prison are helped to find stable employment with suppliers of the same member companies.

In 2020, due to the pandemic, the program was interrupted for parts of the year and the support role provided by the tutors had to be completely suspended.

These tutors have proved to be an essential part of the project: they are pensioners from member companies who, thanks to their experience, follow and support FID staff, transferring their skills and acting almost like life coaches to people who, despite having committed a crime, are working hard to build a better future.

The FID project is demonstrating how, together with the learning of a craft and skills that can be applied to the labour market, the creation of an environment where good human relations are developed has a transformative effect that enables ex-prisoners to reintegrate into society. It also has a positive impact on society as a whole: in fact, only three of the fifty or so former FID staff have committed crimes again, compared to a percentage of recidivism that in Italy stands at 68% of all cases.



1.7

Materiality Analysis

To define the structure and content of the Sustainability Report, Coesia carried out a structured “materiality analysis” in accordance with the GRI Standards drawn up by the Global Reporting Initiative. Through this analysis, the Group identified the economic, environmental, and social issues that have a significant impact

on the organization and that can influence the opinions and the decisions of the main stakeholders.

The process of updating the 2020 materiality analysis, the purpose of which is to identify the material issues, was carried out by an internal work team with the involvement of the company management and was broken down into three phases:

Identification of potentially relevant topics

In the first phase, potentially relevant topics were identified based on the results of the context analysis that included the study of the following sources:

- analysis of global sustainability macro trends;
- analysis of trends for the different industries in which Coesia operates;
- benchmark analysis among companies comparable to Coesia;
- analysis of press reviews relating to Coesia and its business sector;

Assessment of topics

Subsequently, the relevance of the potentially significant topics previously identified through the context analysis was assessed.

In order to assess the issues in terms of Coesia’s environmental, social and economic impacts, managers were asked to express their opinion, during a workshop, on the basis of their knowledge of the Group, starting from the results achieved through the workshop held for the 2019 Sustainability Report.

The materiality assessment with regard to the influence on stakeholder evaluations and their decisions was carried out on the basis of the results that emerged from the context analysis and subsequently validated by management.

Materiality Matrix Validation

Based on the phases described above, the materiality matrix was validated by management.

The materiality matrix, which is the result of the process described above, is shown in the diagram below, in which the 13 most significant topics are positioned along two axes:

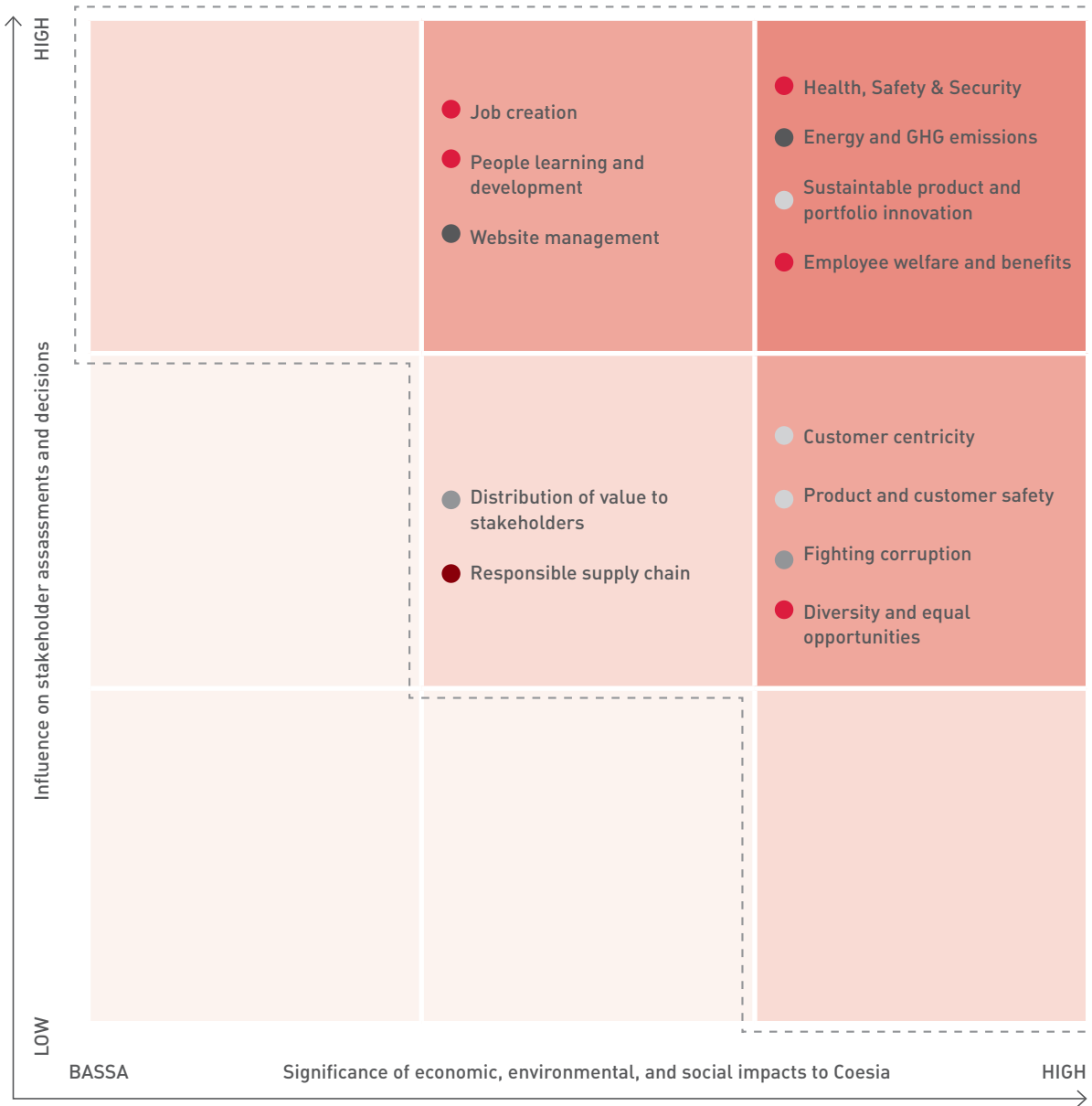
- the x-axis represents the relevance of Coesia’s economic, environmental and social impacts;

- the y-axis represents the significance of the aspects identified for the Group’s main stakeholders.

Based on the above evaluations, the topics in the top right of the graph represent the most significant issues for the Group and its stakeholders.

During the materiality analysis, the topics “Protection of Human Rights” and “Compliance with economic, social and environmental regulations” were considered a prerequisite for the responsible management of the

Group; these areas were therefore not included in the materiality matrix and are addressed qualitatively in this report.



Scope:

- People Management
- Supply Chain
- Customers and Products
- Business Ethics
- Environment

[] Materiality Threshold

Compared to the 2019 matrix, the material topics “Occupational Health and Safety” and “Security” have been merged under a single theme “Health, Safety & Security”. Similarly, in 2020 the topics “Sustainable portfolio innovation” and “Product innovation” fall under the single material theme “Sustainable product and portfolio innovation”. In addition, following the internal workshop, aimed at defining the priority of these themes within the materiality matrix, the topic

“Employee welfare and benefits” acquires greater importance for both stakeholders and the Group, as do the “Security” and “Sustainable product and portfolio innovation” topics.

Refer to the table in the Methodological Note section for more information on the correlation between the material topics and the GRI Standards as well as their impact boundary.

2

**Our people:
passion and expertise**





8,241 employees



76 nationalities



+382 new hires



17.2% women
in the Group



119,000+ hours
of learning and development



14.4 hours
of learning and development
per employee

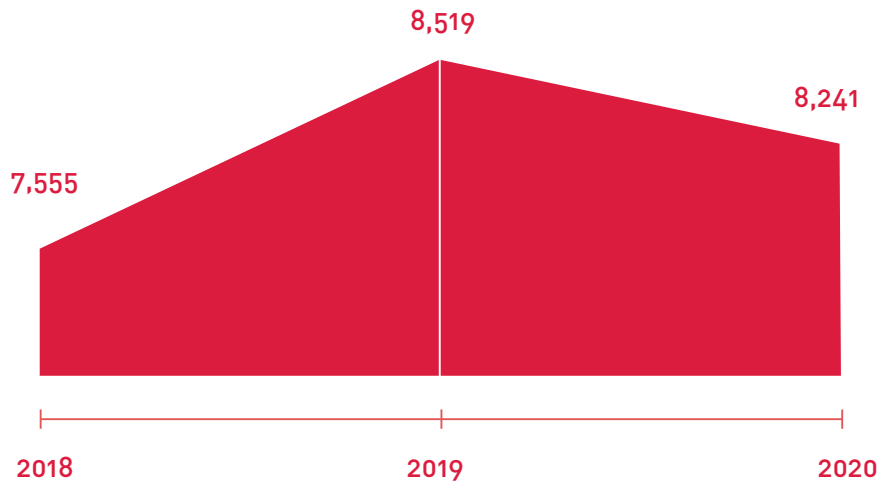
2.1

Our employees: the real driving force

Coesia places its more than 8,000 people at the heart of its growth and development. Talent, passion, and commitment are the qualities that characterize the day-to-day work of our employees and represent the real asset of the organization.

It is thanks to them that Coesia has been able to expand over the years and establish itself as a leader in the various sectors in which it operates, demonstrating its ability to create sustainable and lasting value over time.

Coesia's employees in the three-year period 2018-2020



The Group aims to attract and retain the most talented people by investing in their potential and ensuring that they have the opportunity to live and work in a stimulating environment where merit is recognized and professional horizons are broadened.

The strong growth of Coesia over the years and the maintenance of its leadership position in the sectors in which it operates are the result of its employees' ability to offer customers innovative and quality solutions.

The significant growth trend recorded up to 2019 was slightly reversed in the reporting period due to the onset and spreading of the pandemic.

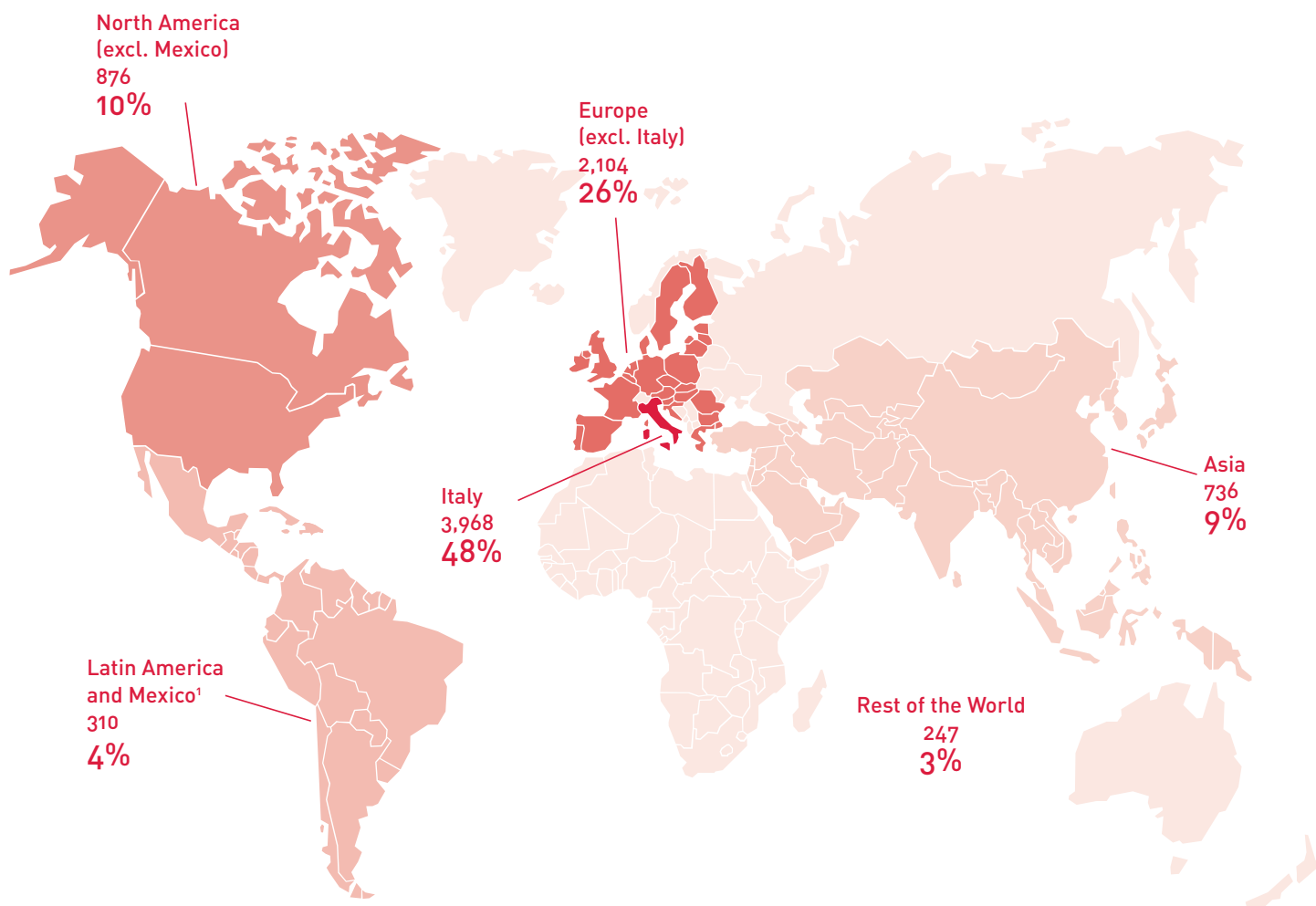
In fact, as of 31 December 2020 Coesia had 8,241 employees, up 9.1% compared to 2018 but down 3.3% compared to 2019.

With a voluntary turnover rate that fell from 5.6% in 2019 to 4.2% in 2020, the number of new hires totalled around 400. Despite the complexities of the pandemic context, Coesia has maintained its leadership position in the market, ensuring the continuity of all its processes.

Given the international footprint of Coesia, its people are located all over the world, with higher concentrations in Italian and other European sites, which account for about 75% of the total workforce.

With over 8,000 employees in 35 countries, Coesia is a genuine manufacturing and social ecosystem where every person is an integral part of the success of the organization and its business.

Number and percentage of employees by geographical area in 2020

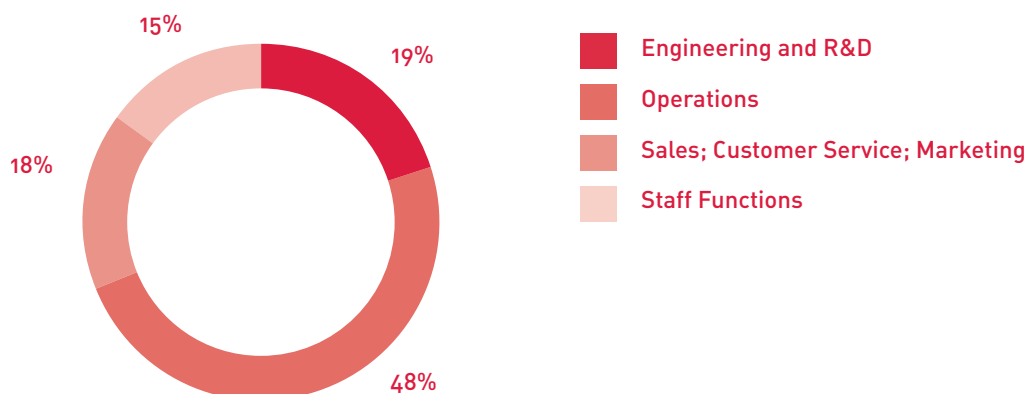


¹In order to provide a greater level of detail, in this chapter the geographical area “Latin America and Mexico” is presented separately, while in the rest of the document it is included under “Rest of the World”.

Regarding the activities carried out, about 1,600 people at Coesia work in the Engineering and the R&D departments, where ideas and numerous innovative projects are designed and implemented. Approximately 50% of employees work in the Operations area which includes a wide range of tasks including purchasing management, quality

control, planning and machine testing. Finally, 18% of the company population works in Sales, Customer Service and Marketing, and 15% in Staff Functions which include Human Resources, IT, Administration, Finance and Control.

Employees by function in 2020



Coesia also prioritizes the consolidation of lasting relationships with its employees. In fact, the most common and preferred form of employment contract in all geographical areas is the permanent contract which is guaranteed to 98.2% of employees.

Over 98% of employees had permanent contracts in 2020.

BREAKDOWN OF EMPLOYEES BY GEOGRAPHICAL AREA AND TYPE OF CONTRACT

	2018			2019			2020		
	Permanent	Fixed-term	Totale	Permanent	Fixed-term	Totale	Permanent	Fixed-term	Totale
Italy	3,375	71	3,446	4,019	48	4,067	3,939	29	3,968
Europe (excl. Italy)	2,025	88	2,113	2,046	141	2,187	1,990	114	2,104
North America (excl. Mexico)	870	1	871	875	1	876	875	1	876
Latin America and Mexico	291	-	291	332	-	332	310	-	310
Asia	618	1	619	789	4	793	731	5	736
Rest of the World	215	-	215	262	2	264	245	2	247
Group Total	7,394	161	7,555	8,323	196	8,519	8,090	151	8,241
	97.8%	2.2%	100%	97.7%	2.3%	100%	98.2%	1.8%	100%

About 2% of the total population have part-time contracts, a formula that is preferred by the Group's female employees.

Coesia is constantly striving to meet the needs of its employees and to support them in order to achieve the best possible work-life balance.

BREAKDOWN OF EMPLOYEES BY GENDER AND TYPE OF CONTRACT: FULL-TIME / PART-TIME

	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time	1,064	6,307	7,371	1,285	7,026	8,311	1,261	6,764	8,025
Part-time	128	56	184	158	50	208	156	60	216
Total	1,192	6,363	7,555	1,443	7,076	8,519	1,417	6,824	8,241

Furthermore, for Coesia, putting people at the center means respecting, including, and valuing each individual, regardless of age, gender, religion, ethnicity, and nationality. Diversity, in fact, means wealth in terms of skills, ideas, and perspectives, all elements that enable Coesia to constantly improve its ability to meet the needs of diverse and dynamic markets.

As such, Coesia is committed to promoting diversity within the organization both in the governing bodies, and among its employees, by carrying out intense and concrete awareness raising activities on the positive effects that gender diversity can bring to a global organization.

By way of confirmation, over the years there has been a significant increase in the presence of women at Coesia, up 19% compared to 2018.

This significant increase is due both to recent acquisitions and to the Group's commitment to hiring female employees. Globally, there are 1,417 women in the company, more than 17% of the total population. This trend is in line with the automatic machines industry, traditionally characterized by a high percentage of male employees.

Women and men who join the Group follow the same training path and have the same opportunities for professional growth.

17.2% of Group employees are women.

BREAKDOWN OF EMPLOYEES BY GENDER AND TYPE OF CONTRACT: PERMANENT / FIXED TERM

	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent	1,157	6,237	7,394	1,398	6,925	8,323	1,386	6,704	8,090
Fixed term	35	126	161	45	151	196	31	120	151
Total	1,192	6,363	7,555	1,443	7,076	8,519	1,417	6,824	8,241

2.2

A professional development path for continuous growth

BEST GLOBAL TALENT

Coesia aims to attract, develop, and retain the best people at international level to ensure its long-term managerial and economic continuity in line with the best market practices.

Recruitment is centrally coordinated and includes both the selection process and employer branding initiatives. This allows Coesia to maintain its attractiveness and competitiveness on the labour market and to consolidate its brand worldwide.

New employees are welcomed with an Induction process, already active in many Companies and currently being introduced in the rest of the Group. The induction process aims to help new employees settle as quickly as possible at Coesia, acquainting them with the business and helping them to bond with their new colleagues. New employees are provided with tools such as:

- Enboarder, the automatic e-mail system for collecting the information necessary for the recruitment and placement procedures;
- Welcome Kit, which includes welcome materials for the new hire;

- Welcome Book, a guide that gathers useful information about Coesia and the specific Company to which the new employee belongs;
- e-Learning platform, to learn more about the Group and access mandatory training content.

Every employee can also access training and development programs to enhance their potential, expertise, and leadership skills, in line with Coesia's strategic inputs as well as individual and collective needs. In addition, Coesia has adopted a people development system that includes a performance management process (People Performance Dialogue). The objective is to promote the merits, potential and skills of employees to guarantee opportunities for professional growth but also to strengthen motivation and commitment through the definition and monitoring of performances and individual development plans.

A worldwide system for remuneration, evaluation and the attribution of professional titles is also in place, with the aim of attracting and retaining talent while ensuring both internal impartiality and external competitiveness.

Our priorities



Unlock employees' potential



Support professional growth



Value merit and skills



Continuously improve development processes and tools

Beginning the Journey

The global recruitment strategy targets different categories of stakeholders with focus on students, high school and university graduates and professionals.

As for students, high school and university graduates, the goal is to provide them with an educational experience in the field so they can put their academic knowledge into practice and apply it in a real business context. Such initiatives include internships, research projects and theses at Group Companies as well as selection and development programs for technicians and young engineers (for further information see: Chapter 2, paragraph 2.2, section “Strategic Hiring Initiatives”).

Experienced professionals are offered new growth opportunities in the challenging, global, and changing environment that is Coesia.

Scouting and selecting the best candidates requires a combination of local and global integrated experience guaranteed by a dedicated in-house team. This approach allows Coesia to have an edge in the competition for global talents access to key skills and competencies.

All selections can be managed through the same evaluation channels and with the same tools thus providing greater visibility and transparency throughout the recruitment process steps:

- 1. Application**
- 2. Search and recruitment process**
- 3. Preliminary interview**
- 4. Technical interview**
- 5. Job proposal**

Each of these steps is crucial because, on the one hand, it allows Coesia to access a database of profiles from all over the world and improve the candidates' experience and, on the other, it allows the Human Resources function to manage the selection process in a structured way in terms of communication, outcome, etc.).

The Group also carries out employer branding activities both during trade shows for professionals and companies, and at universities. In 2020 all of these activities were carried out virtually.

For more information on global recruitment at Coesia visit: <https://www.coesia.com/it/people>

HIRES AND HIRING RATE BY GENDER AND GEOGRAPHICAL AREA

	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Italy									
Employees			3,446			4,067			3,968
Hires	67	206	273	41	122	163	26	73	99
Hiring rate	1.9%	5.9%	7.9%	1%	2.9%	4%	0.7%	1.8%	2.5%
Europe (excl. Italy)									
Employees			2,113			2,187			2,104
Hires	49	241	290	60	198	258	27	106	133
Hiring rate	2.3%	11.4%	13.7%	2.7%	9%	11.7%	1.3	5%	6.3%
North America (excl. Mexico)									
Employees			871			876			876
Hires	18	75	93	21	79	100	21	73	94
Hiring rate	2.1%	8.6%	10.7%	2.4%	9%	11.4%	2.4%	8.3%	1.7%
Latin America and Mexico									
Employees			291			332			310
Hires	1	27	28	6	21	27	2	4	6
Hiring rate	0.3%	9.3%	9.6%	1.8%	6.3%	8.1%	0.6%	1.3%	1.9%
Asia									
Employees			619			793			736
Hires	10	89	99	20	42	62	18	30	48
Hiring rate	1.6%	14.4%	16%	2.5%	5.3%	7.8%	2.4%	4.1%	6.5%
Rest of the World									
Employees			215			264			247
Hires	3	33	36	2	6	8	2	-	2
Hiring rate	1.4%	15.3%	16.7%	0.8%	2.3%	3%	0.8%	0%	0.8%
Group Total									
Employees			7,555			8,519			8,241
Hires	148	671	819	150	468	618	96	286	382
Hiring rate	1.9%	8.8%	10.8%	1.7%	5.4%	7.2%	1.2%	3.5%	4.6%

Considering the recruitment trend with respect to age groups, the number of new hires aged between 30 and 50 (more than 55% of the total number of new hires) and under the age of 30 (about 30% of the total number of new hires) remained significant in 2020.

About 30% of new hires in 2020 were under 30 years of age.

The data confirms the great value attributed by Coesia to the knowledge acquired by people during their previous work experiences, as well as on the

empowerment of new generations, who are driven by a desire to grow professionally and contribute to the development of the Group. The combination of professionals with different experiences and the fostering of a constructive intergenerational dialogue is one of the strengths of the organization and further bolsters the Group's leadership.

In 2020, over 23,400 CVs were received and 382 new employees were hired.

In addition, the Group's voluntary turnover rate, calculated as voluntary terminations in relation to the average headcount, is 4.2%.

HIRES AND HIRING RATE BY GENDER AND AGE GROUP

		2018			2019			2020		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
< 30	Hires	45	283	328	54	201	255	30	84	114
	Hiring rate	3.7%	4.4%	4.3%	3%	2.6%	3%	2.1%	1.2%	1.4%
30-50	Hires	92	321	413	82	221	303	55	156	211
	Hiring rate	7.7%	5%	5.5%	5.1%	2.9%	3.6%	3.9%	2.3%	2.6%
> 50	Hires	11	67	78	14	46	60	11	46	57
	Hiring rate	0.9%	1%	1%	0.9%	0.6%	0.7%	0.8%	0.7%	0.7%
Total hires		148	671	819	150	468	618	96	286	382
Total Group employees		1,192	6,363	7,555	1,502	7,017	8,519	1,417	6,824	8,241

All new Companies that join the Group at global level are asked to complete a survey on human rights. To date, the survey has covered 100% of the population. The aim of this initiative is to ensure that respect for human rights, such as the absence of child and forced labour, as well as discrimination and freedom of association, is preserved and guaranteed in all countries in which the organization operates.

It is also important to note that, in countries where the Group is present, all employees are over 18 years of age and employment relationships comply with all national and local laws in terms of legal working age. The only exceptions, always in compliance with the laws, are represented by France and Brazil, where young students are hired as interns for non-hazardous jobs.

Performance Evaluation

Performance management drives the organization to high performance by leveraging the contribution of each person at Coesia and by creating a link between performance, reward systems and development paths.

Despite the difficulties and uncertainties caused by the pandemic, Coesia has managed to ensure the full continuity of its processes. And that's not all: the performance assessment process is also being extended to the employees of more recently acquired Companies, further expanding its scope with the aim of reaching all Group employees.

People Performance Dialogue

The People Performance Dialogue (PPD) is a process that aims to strengthen the link between business performance and the contribution of each employee. Through the PPD, Coesia guides people towards achieving individual, team and company objectives while promoting ongoing professional growth.

Furthermore, thanks to the PPD, Coesia provides a large number of people with an objective and structured process that rewards merit and ensures internal equality as a result.

The name itself summarizes the contents and the three main objectives of the process:

People

Leading people in their professional growth within the organization.

Performance

Aligning individual goals with the Group's strategy so that overall performance is the result of clear and measurable objectives.

Dialogue

Facilitating and promoting dialogue between employees and supervisors.

The PPD includes qualitative and quantitative objectives in line with the needs of the business and with behaviors that reflect Coesia's leadership model. Investment in communication and the engagement of employees and supervisors is constant. In fact, the entire process is based on the ongoing dialogue between supervisor and employee and includes a feedback session at the end of the year to promote self-awareness and define an adequate development plan.

The coverage of PPD is constantly increasing aiming at gradually involving the entire population, regardless of job and role. At its start, in 2013, the process involved about 900 people, whereas in 2020 6,104 employees or 74.1% of the workforce took part in the process.

In absolute terms, the process involved over 300 more people than in 2019.

In addition, the "PPD Easy" process, dedicated to employees with more operational roles, has been implemented since 2018. The "PPD Easy" is being extended to all Group organizations and involved approximately 1,100 employees in 2020.

Over 74% of employees took part in the PPD in 2020.

NUMBER AND PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE EVALUATION¹

	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employees	922	4,243	5,165	973	4,803	5,776	1,033	5,071	6,104
Percentage	77.3%	66.6%	68.3%	64.8%	68.4%	67.7%	72.9%	74.3%	74.1%

¹ The percentage shown for each year is calculated on the headcount including the recently acquired Companies, where the implementation of the PPD process is nearing completion.



People Development

Coesia has always been keen to strengthen the link between business results and the contribution that each employee can provide to the organization, also and especially in this complex period characterized by the Covid-19 pandemic.

To ensure the continuity of the professional growth of employees, in 2020 learning and development opportunities were provided in virtual form.

The courses were completely redesigned to guarantee that the training experiences are as effective as those in person. This transition required an important preliminary reflection that took into account the new needs that characterize this historical moment.

In addition to ensuring the training and development of people also in the new scenario, virtual courses have made it possible to transcend geographical boundaries. The possibility of providing international classrooms, attended by participants from different countries and Companies, has further improved integration and enhanced the sense of belonging to a multicultural Group. Although physically distant, employees had the opportunity to meet up and participate in the same courses and programs, creating growth and development paths with a new global echo.

In particular, great importance is given to technical and professional training programs, IT training,

language courses, business organization, and management and leadership development programs also through strategic partnerships with leading Business Schools, Universities, and consultancy firms.

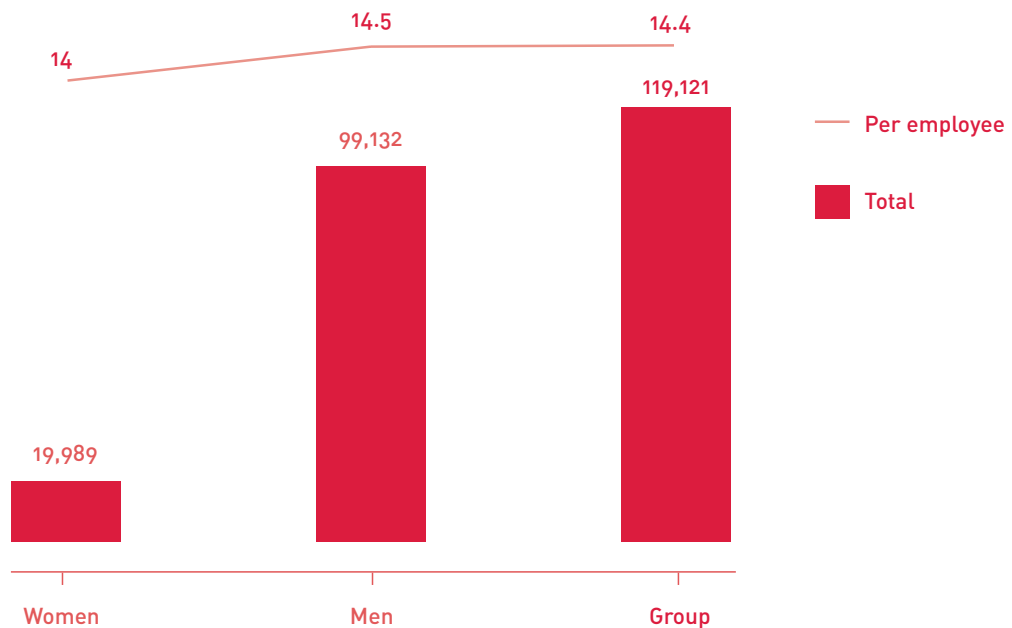
The constant dialogue with the market favors the introduction of innovative learning methodologies and approaches, in line with the reference framework and business strategy.

This makes it possible to meet the training needs of employees in a way that promotes professional growth, creates a positive working environment, and encourages everyone's contribution to the achievement of the business objectives.

119,000+ hours of learning and development provided in 2020.

As evidence of Coesia's commitment to providing its people with an effective and comprehensive training and development process, in 2020 more than 119,000 hours of learning and development have been provided, for a total of 14.4 hours per employee. A result that confirms the Group's strong commitment to the professional growth of its employees who continue to be involved in quality programs even in the face of a complex global scenario.

Hours of learning and development provided in 2020





Strategic Hiring programs

Tech Academy

The Tech Academy is a strategic hiring program designed to recruit new graduates in mechanical and electronics disciplines, selected at the international level.

This program aims to develop the technical, process and organizational competencies needed to effectively fill the role of Field Technician at Coesia. With the aim of promoting skill sharing and, at the same time, the sharing of professional life experiences, the training of participants is entrusted, throughout the course, to managers and professionals of the Group.

The Tech Academy consists of two phases, for a total duration of 15 months.

During the first phase, which lasts 3 months, participants have the opportunity to acquire basic technical knowledge which they then put to the test in a final exam. The training mainly consists of practical experience with G.D. technologies, managed at the Coesia headquarters in Bologna. Close attention is paid to “non-technical” role skills, ranging from problem-solving courses to sessions focusing on multicultural working environments. The following 12 months continue with on-the-job activities at the specific reference Company: a different training focus is defined for each participant who is mentored by a local expert tutor.

The next Tech Academy is also scheduled for 2021.

Engineering Graduate Program

The Engineering Graduate Program is a strategic hiring initiative that involves an in-depth selection process and a professional development path lasting about a year, and is targeted at recent graduates from the best engineering faculties worldwide.

The program seeks to:

- select talented recent graduates for a successful placement in the Coesia Companies and Functions;
- ensure, before hiring, the consistency and completion of training on Coesia tools and processes;
- develop an overall culture in industrial automation and process solutions;
- facilitate the placement of graduates in different business areas, in line with their interests, aptitudes and skills.

The program includes both technical and behavioral training modules and activities aimed at developing self-awareness, including the opportunity to gain experience in the field and take part in international assignments.

Throughout the program, Group managers and professionals are available to participants as part of the in-house faculty and as tutors to share with them their practical work experiences in the various corporate functions.

The Engineering Graduate Program is also scheduled for 2021.

Leadership Development programs

Innovation Mindset

This initiative dedicated to the development of technical potential aims to promote the personal growth of employees and to create engaging experiences that enable people to familiarize themselves with new approaches, tools, behaviors and actions.

The Innovation Mindset is scheduled also for 2021 and will take place virtually.

Learning Bites

This Coesia program for the development of managerial skills was enriched in 2020 with additional training experiences to support leaders and supervisors, starting with an awareness of the complexities of the recent global context. Three “learning bites”, i.e. spaces for reflection to be accessed virtually within a limited time frame (maximum 4 hours each), were designed.

During “Leading yourself in uncertain times”, “Leading teams virtually in a VUCA world” (Volatility, Uncertainty, Complexity and Ambiguity) and “Managing Teams Virtually”, participants have the opportunity to exchange ideas on issues such as resilience, the management of remote work groups and growth of employees. The methodological approach is based on the exploration of the main relational and people management dynamics, reconciling theoretical models with real experiences with the aim of identifying concrete actions to work on self-efficacy and the most effective team management methods.

Leadership Sandbox

This initiative aims at the long-term development of the junior population of Coesia. Participants are involved in activities focused on creativity and innovation, relationship management, diversity management and teamwork. Participants are also required to design and build concrete projects inspired by the most relevant market megatrends for the Group. These projects are presented and discussed before a committee composed of Senior Managers from Coesia.

The Leadership Sandbox is scheduled also for 2021 and will be held in virtual format.

Be A Leader e Be A Supervisor

BeALeader@Coesia and BeASupervisor @Coesia aim to strengthen the managerial skills of the Group’s supervisors, supporting them in the effective interpretation of their role.

The aim is to foster a common and distinct management culture through the sharing of behaviors and tools applied to people management. Both programs, each with ad hoc targets, support the theoretical and behavioral consolidation of the main areas of responsibility in the management of employees according to a well-defined and continuous vision aimed at developing resources through actions such as (but not limited to) motivation and delegation.

Learning programs

Behavioural Programs

All the contents, tools and methodologies of the learning activities are consistent with the leadership model, culture and values of the Group, and in line with the challenges and market scenarios that our Companies must face. The development of cross skills is encouraged with the aim of allowing people to “live” their role in the best possible way and to grow professionally within the Group.

Job Family Programs

Coesia promotes the development of competencies in key Job Families to enable its employees to work at their best and contribute to the achievement of the Group’s business goals.

Job Family programs are customized and focus on skills and capabilities that are consistent with the requirements of specific roles. Together with the best international training companies, the Group constantly implements the most effective tools and methodologies in line with the challenges faced by the business.

2.3

How we take care of our people

We take care of our people and their wellbeing by promoting initiatives at all sites and offering welfare services that go beyond legal requirements, aimed at maintaining the best possible health levels and work-life balance.

WELFARE

The initiatives promoted by Coesia, offered to all employees, differ from country to country to respond to their specific needs and include social healthcare services, health prevention plans, insurance (the refund of medical expenses) and periodic medical examinations. To encourage a proactive approach to psychophysical wellbeing, some Group Companies offer access to gyms or sports centers, as well as prevention programs (food education programs, anti-smoking programs, etc.), flexible working hours and remote working.

Also offered are education support solutions (such as scholarships and textbook refunds for both employees and their children), support services (subsidies for support services for people who are facing challenges or problems, leave for anniversaries, birth of a child, legal and tax advisory services), discounts and other favourable conditions. These are joined by meal vouchers or an in-house catering service.

The guarantee of equal opportunities in terms of maternity, paternity and adoption is further demonstration of the Group's commitment to supporting its employees in reconciling parental responsibilities with professional challenges. In fact, Coesia also grants parental leave to all employees in accordance with local regulations.

The pandemic situation that strongly characterized 2020 was not an obstacle to Coesia's welfare policy and the way in which it takes care of its employees.

In line with previous years, the Group continued to provide services for its employees that were in keeping with the standards of an international company like Coesia.



Healthcare

- Insurance coverage for specialist medical examinations, hospitalizations, diagnostic tests and dental care
- Approximately 88% of the company population is covered



Life insurance

- Coverage in the event of death as a result of an accident at work, outside work or due to disease
- More than 67% of the company population is covered



Disability and Impairment Coverage

- Disability coverage as a result of an accident at work, outside of work or due to disease
- More than 63% of the company population is covered



Business travel

- Guaranteed business travel insurance also on a voluntary basis especially in countries where it is not a legal obligation
- More than 99% of the company population is covered



Pension plans

- Supplementary pension plans
- More than 78% of the company population is covered

Coesia's commitment to the wellbeing of its employees is reflected, for example, in the welfare services provided by the MAST Foundation (Manufacturing of Arts, Experimentation and Technology). This international cultural and philanthropic institution focused on the arts, technology and innovation coordinates a multifunctional center adjacent to the headquarters of G.D and Coesia in Bologna.

In addition to various projects and activities aimed at generating osmotic effect with the local community, the **MAST Foundation** provides welfare services for all Coesia employees.

The **Academy** is a training center for the development of technical and managerial culture.

Coesia's employees also contribute by actively supporting training projects aimed at young people in local schools, spreading their technological and managerial knowledge outside the company.

The **MAST.Nursery** School hosts infants and toddlers of between three months and five years of age, mainly children of Coesia employees but also welcomes children from the local community in accordance with the Municipality of Bologna.

The **Company Restaurant** offers Coesia employees meals prepared with select local, organic, PDO and PGI ingredients, as well as produce from fair trade sources, with a free flow service.

The balanced and highly digestible meals respect the specialist guidelines and indications established with the nutritionists of the Centro Gruber in Bologna who collaborate with the MAST Foundation.

MAST.Wellness, managed by OneonOne (a Technogym company, leader in fitness equipment), offers sports activities and services based on a holistic and integrated wellness model.

The services offered by the Company Restaurant and MAST. Wellness form part of a single project in which nutrition and physical activity are closely connected.

With an eye on continuous improvement, in order to evaluate and promote corporate welfare on a global scale, in 2014 Coesia launched the "Coesia Welfare and Engagement" program which is based on the active participation of employees through the collection of opinions and suggestions on the wellbeing of the company population.

Improvement actions identified on the basis of employee suggestions are constantly implemented.

Expeditions

Expeditions is a high school internship project created in 2015, conceived, promoted and managed by the MAST Foundation in collaboration with Coesia and the Emilia-Romagna Regional Education Authority.

The project, targeted at third-year high school students, offers a learning path focused on innovation in the mechanical industry for a total of 80 hours, 48 of which spent at the MAST Foundation and the Coesia Companies.

The aim is to introduce participants to the business world by highlighting the main aspects of technological innovation, stimulating their interest in enterprise and business in the process.

Expeditions offers students a practical experience in the corporate world and the chance to create a final project on: Industrial Automation, Artificial Intelligence, Packaging Design, Product Marketing and Smart Objects, led and supported by university professors and about 60 employees of the Group in the role of trainers and mentors. Around 760 students from eight schools in the Bologna area were involved in the last edition (2020 – 2021).

ENTER/PRISE

A pilot edition of the ENTER/PRISE project – a distance learning internship project promoted and managed by the MAST Foundation, in collaboration with Coesia and the Emilia-Romagna Regional Education Authority was held in November 2020. ENTER/PRISE is an initiative that builds on the experience of the Expeditions project and aims to offer students an engaging course complete with team project work.

The project is aimed at third-year high school students and offers a learning course focused on innovation in the mechanical industry for a total of 80 hours, 36 of which spent online in the virtual spaces of the MAST Foundation and the

Group Companies. The initiative has a strong focus on innovation and is primarily characterized by experiential learning, group experimentation and the development of communication skills.

ENTER/PRISE also involves a final project on Industrial Automation, Artificial Intelligence, Packaging Design and Product Marketing. Approximately 400 students from six schools in the Bologna area were involved in the 2020 pilot edition.

Smart Camp

Smart Camp is a distance learning training project that was launched in 2020 and developed in collaboration with Coesia and the Regional Education Authority of Emilia-Romagna, based on the experience of the Summer Schools. It represents an opportunity to turn an unexpected summer into a new experience: “learning by doing” with a group of peers. The project is aimed at students in the third and fourth years of high school and includes 10 mornings of distance learning, teaching, teamwork and keynote speeches.

The purpose of the project is to try to reconcile technologies with environmental sustainability, promoting the development of a sustainable economy which respects the environment and people.

Using the kit they receive directly at home (containing cards, microcontrollers, actuators and sensors for humidity, brightness, air quality), participants must build a system that can monitor the parameters that control the climate and predict what will happen in the future thanks to the use of Artificial Intelligence neural networks.

There were two editions of the project: the first took place from 13 to 23 July 2020, the second from 1 to 11 September 2020, involving a total of about 90 students from schools across Italy.

Coesia Summer Camp

In collaboration with the MAST Foundation and LGS SportLab, in 2020 Coesia once again held its Summer Camp for the children of employees in the Bologna area. The camp offers workshops, creative labs and sports activities aimed at fostering the social, creative and emotional

development of the new generations. These activities, carried out during the pandemic period, were reviewed to ensure full compliance with the new safety provisions.



Our people: passion and expertise

HEALTH, SAFETY AND ENVIRONMENT

In 2020, more than ever, the Group made its decisions taking utmost care to ensure the safety of its people and, as in previous years, to continue to offer its Health, Safety and Environment (HSE) programs which reflect the values of Coesia and concern not only its employees, but also its customers, suppliers, and stakeholders. To confirm its commitment on this matter, Coesia has adopted an HSE Policy, i.e. guidelines for the definition and implementation of the HSE management system at all Coesia Companies. In the event of acquisitions, new companies are also assisted in the process of integrating the Policy within their organization.

Structured on the following four areas, the HSE Policy defines the main aspects for an effective prevention system:

- **system:** provides the guidelines for the structure of the management system implemented by Coesia and related management aspects;
- **safety:** sets out the health and safety requirements that the Group Companies shall adopt as well as the prevention and protection aspects that must be taken into account;
- **environment:** includes the requirements relating to the prevention of environmental pollution and reduction of the impacts that Coesia must meet in conducting its business activities;
- **programs:** consider several cross-cutting aspects, including the procedures for the review of the HSE system, the management of safety related to suppliers and the safety of the vehicle fleet.

The Group's HSE auditing program also continued in 2020 with the purpose of supporting continuous improvement, ensuring compliance with laws and reference standards, and increasing the involvement and awareness of all corporate functions in relation to risk prevention and protection activities. In addition, to strengthen the self-awareness of the Group Companies on environmental and social issues, an annual "self-audit" must be carried out to verify compliance with the requirements of the HSE Policy.

The Group also encourages and promotes the application of international standards: in 2020, the certified OHSAS 18001 and ISO 45001 (Occupational Health and Safety Management System) safety management systems covered 44.6% of the total workforce.

The Group's focus on health, safety and environmental issues is not limited to its employees, but also includes the prevention and mitigation of any potential impacts arising from its business relations. Accordingly, the HSE Policy includes a set of requirements designed to ensure that contractors, consultants and suppliers do not constitute a hazard to safety and the environment and operate in compliance with applicable laws and regulations and in-house procedures. By way of example, Coesia undertakes to define appropriate procedures at its Companies to ensure that its partners are informed of the hazards present at the Group's sites.

Coesia's dedication to taking care of its people was even more evident in 2020, characterized by the emergence of the pandemic.

In response to the emergency Coesia took immediate steps to manage the situation within the Group and lay down guidelines to effectively address issues related to the protection of the health and safety of its employees, redesigning workspaces, adopting appropriate safeguards, ensuring greater ventilation, and giving employees the opportunity, depending on the type of work they perform, to work remotely to limit the spread of the virus as much as possible. At individual Company level, dedicated committees were established to address the challenges arising from Covid-19 and implement safety measures in accordance with specific local legislation.

In the early days of the pandemic, Coesia established a Group Committee composed of managers, technical experts and the President in order to centrally coordinate the monitoring of activities.

Safe production plants and equipment

As a designer and manufacturer of high-tech machines, Coesia pays considerable attention to the use of safe equipment and machinery in its Companies. Throughout the life cycle of the machines, specific measures are applied in line with the HSE Policy and international and national regulations.

The HSE Policy structure



The HSE management system described above considers risk assessment as a central and fundamental element for the correct performance of operations. In fact, Coesia considers risk analysis as an ongoing process, periodically updated according to the activities carried out by the Group Companies, their changes, technological evolution, the results of monitoring and incidental events. As defined in the Policy, the analysis must be based on a consolidated and structured methodology and must consider all elements of hazard and risk to people and the environment, under normal, abnormal, and emergency operating conditions. The objective is therefore to develop a formalized program of continuous and progressive risk reduction that enables its elimination or minimization.

To ensure the effectiveness of the HSE management system, the Group also undertakes to promote communication and the training of its employees.

For this purpose, each Company appoints an HSE coordinator who is responsible for the implementation and management of an effective program in this specific area. To ensure adequate internal and external communication, several channels are provided for people to send in reports, suggestions, and observations for removing any dangerous situations.

In the countries where it is required by law, management-employee committees are established to facilitate the participation of employees regarding health and safety issues; in the other countries, the Group encourages the creation of suitable processes to promote the involvement and consultation of employees.

As for training, Coesia has always been committed to developing comprehensive programs for its people. In fact, every Company undertakes to provide training programs aimed at ensuring their employees are aware of the potential health and safety risks related to the tasks they perform. The program includes different types of training:



Induction training: for new recruits, covers HSE issues related to the workplace, the tasks they perform and related specific risks.



Specific training: provided to employees based on the specific tasks they perform, it is focused on peculiar risk and the management of residual risk.



Continuous training: required to keep employees updated on regulatory changes, policy updates and organizational and technical changes.



Mandatory Corporate courses: cover various topics considered relevant by Coesia to ensure the proper functioning of the HSE management system. They include a course on HSE Policy, training courses on first aid, emergency plans, machine safety and many others.



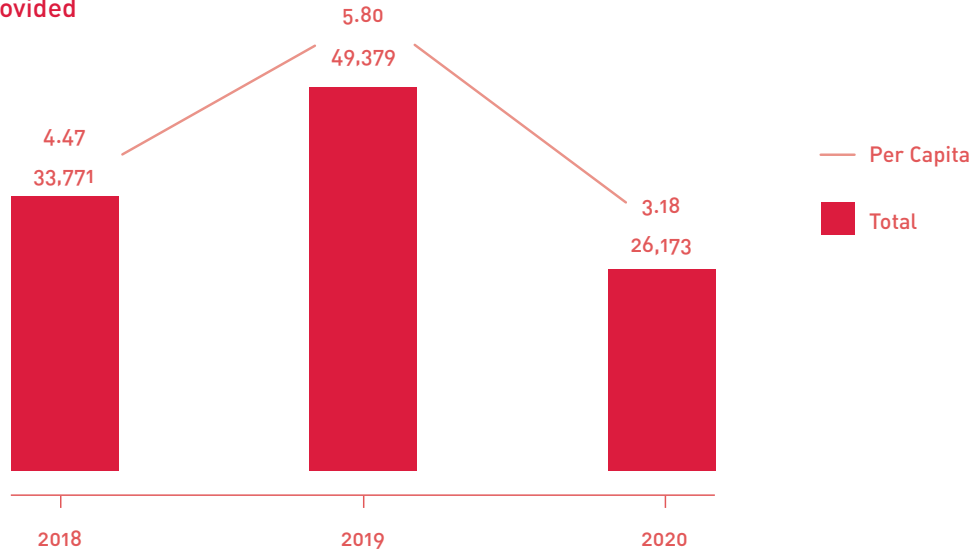
Information on risks: all employees are given a basic understanding of the risks associated with the workplace, including the results of monitoring activities, compliance with the HSE regulations and any planned risk reduction and improvement actions.

Over the years, the Group has invested increasing resources in HSE training for its people.

In absolute terms, more than 26,000 hours of HSE training were provided in 2020, equal to 3.18 hours per capita, a 47% reduction compared to 2019 partly due to the conversion of in-person courses

into remote e-learning courses and partly due to the lower number of new hires, which resulted in fewer training courses during the year. In any case, compliance with regulatory requirements and the Group HSE Policy was guaranteed.

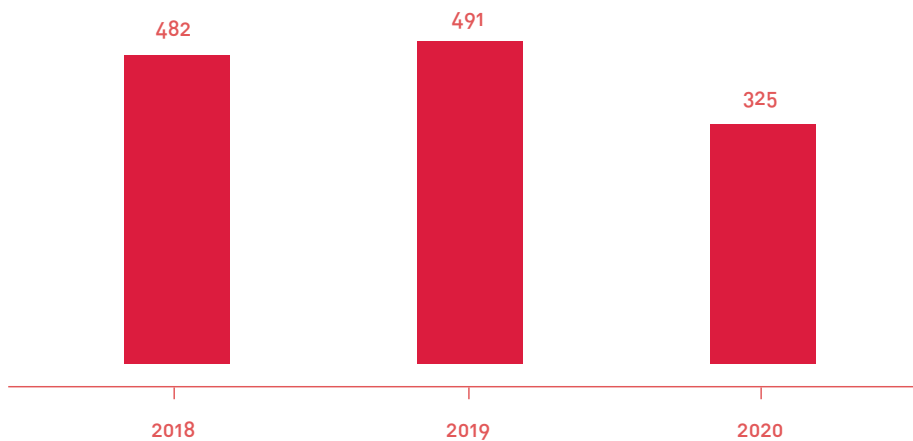
HSE training hours provided



Ensuring continuous improvement is an integral part of the Group's business model, as is the continuous involvement of its people as enablers of corporate growth. In fact, the numerous programs implemented in recent years have made it possible to increase the participation and involvement of all functions in the evaluation system.

The reduction in the number of safety improvement notifications, which came to 325 in 2020, is partly due to the fact that, in the reporting period, the Covid-19 emergency led the Group to focus on the implementation of control measures, thus mitigating the risk and the occurrence of events related to the health and safety of employees.

Number of safety improvement notifications



Finally, each Group Company have a process in place for the detection, recording and evaluation of workplace incidents and injuries to identify and remove the determining causes.

Occupational safety is monitored through workplace incident indicators at Company level and centrally reported through quarterly reports.

In 2020, the total number of recorded incidents fell to 37 while the frequency ratio (i.e. the number of incidents for each million hours worked) also fell to 2.9, compared with 4.7 in 2019. This significant result underlines the importance of personal safety for the Group and how much it has worked over the years to prevent incidents in the workplace. In particular, in 2020 Coesia focused even more closely on health and safety, increasing control measures and raising awareness among its employees, also as a response to the Covid-19 pandemic.

Finally, part of the reduction can be attributed to the greater use of remote working which, by its nature, implies a lower level of risk compared to some tasks traditionally carried out in person or that involve work trips.

The main types of injury in 2020 once again consisted of crushing, cuts and bruises.

People who provide services to the Group also include personnel not directly employed by Coesia, such as contract employees. Workplace incidents were also monitored for this category of workers, for which 9 incidents were recorded in 2020, a 25% reduction compared to the 12 that occurred in 2019 and a 74% fall compared to the 35 incidents in 2018.

Furthermore, there were no incidents resulting in severe injuries or deaths.

NUMBER AND RATE OF EMPLOYEE INCIDENTS

	2018	2019	2020
Total worked hours for the year	12,786,303	14,177,870	12,773,275
Number of incidents reported in the year	57	67	37
of which while commuting	-	-	-
of which with severe injuries ¹	-	-	-
of which fatal	-	-	-
Frequency index ²	4.5	4.7	2.9
Frequency index of incidents with severe injuries ³	-	-	-
Fatality rate ⁴	-	-	-

¹Incidents with severe injuries include incidents that have resulted in injuries from which the employee cannot recover, does not recover, or is unlikely to fully recover and return to the state of health prior to the incident within 6 months.

²The frequency index was calculated as (number of incidents/hours worked) x 1,000,000.

³The frequency index of incidents with severe injuries was calculated as (number of incidents with severe injuries/hours worked) x 1,000,000.

⁴The fatality rate was calculated as (number of fatalities/hours worked) x 1,000,000.

HSE Award

In 2019 Coesia launched the “HSE Award” program to recognize the goals achieved by employees on health, safety and environment. Companies were evaluated according to a set of criteria such as: number of incident-free days in the workplace, HSE audit results, Health, Safety and Environment training provided, Company’s

effort to notify employees about HSE events, management of corrective or improvement actions taken.

The initiative, which involved all the Companies included in the Group’s HSE program, was suspended in 2020 due to the pandemic, but will resume in the future.

Environmental issues are more extensively covered in Chapter 4

SECURITY

The Security Function undertakes to oversee all aspects relating to the safeguard of people as well as the tangible and intangible assets of Coesia. This is done by defining the operating rules for all security activities and identifying the roles and responsibilities of the subjects involved in this process.

Misconduct and/or negligence may result in the loss of tangible, intangible and organizational assets, cause injury to employees and possibly jeopardize the competitiveness of the Company in the short, medium and long term.

Through the study, development and implementation of strategies, policies and operational plans, Coesia's Security function has developed a risk management model based on a logical sequence of actions which aim to:

- identify the context and threats by defining the possible disastrous/harmful events and their frequency;
- outline any vulnerabilities and situations that allow events to become damaging;
- estimate losses/damages in relation to the value of the assets at risk;
- set prevention priorities depending on the expected damage and the importance of the different components of the system at risk;
- determine the cost/effectiveness of the various possible measures and select the prevention strategy to be adopted.

Fanno parte del processo di gestione della Security: **Physical Security**, che si occupa della protezione delle persone e degli asset aziendali; **Travel Security**, che provvede alla gestione della sicurezza delle persone quando sono in viaggio per ragioni connesse all'attività lavorativa; **Cyber Security**, che sovrintende alla protezione dei dati e al monitoraggio di eventuali attacchi informatici e di cui abbiamo trattato nel Capitolo 1, paragrafo 1.4 "Prevenire e ridurre il rischio".

Physical Security

Physical Security is often the primary concern in facilities with a high concentration of assets, especially those used in systems critical for business processes.

Protecting data, confidential information, networks, software, equipment, facilities, corporate assets and personnel is what Physical Security is about.

To do this, multiple countermeasures are adopted, including:

- security guards with wireless communication devices;
- security lighting;
- security cameras.

Performing regular Physical Security assessments is also key to safeguarding corporate assets and improving existing security measures.

Travel Security

People are Coesia's most important asset and therefore their security, especially when travelling for business purposes in high-risk countries, is of paramount importance.

In order to keep employees timely informed on any potential issues that could jeopardize their safety abroad, Coesia carries out a diverse range of activities, including:

- daily risk assessment of different variables (terrorism, crime, ethical and socio-political risk) in countries of operation;
- intelligence gathering and analysis;
- media monitoring;
- site surveys;
- implementation of security countermeasures in risky environments.

With the onset of the COVID-19 pandemic, Travel Security has been involved in the management of the crisis at multiple levels, becoming a benchmark for health risk assessment, the analysis of complex national and international anti-COVID regulations, and determining the feasibility of business travel.

Thanks to a combination of expertise, sources and trusted partners, it was possible to develop an effective mechanism to prevent threats, minimize exposure to potential risks and, where necessary, adopt adequate safety measures.

3

**Our solutions:
innovate to exceed
customer expectations**





9.3% of revenues
invested in Engineering
and R&D



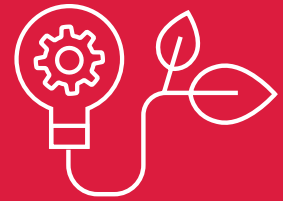
1,588 people
employed in Engineering
and R&D



1,308
patented inventions



29 new
product launches



5%
patent applications related
to sustainable solutions



849 active belts
in the Lean Six Sigma
program



1,394 Lean Six
Sigma projects launched
in the last 6 years



100% of marketed machines
safety tested

3.1

Generating sustainable innovation

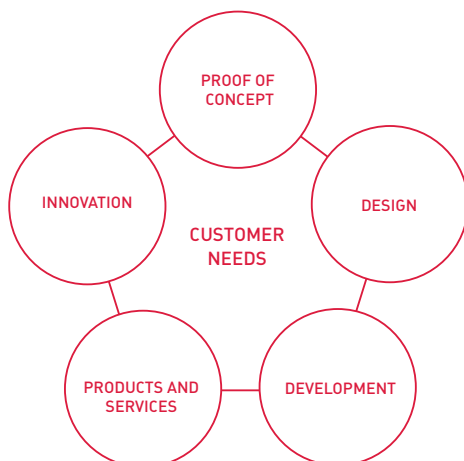
Innovation is part of the genetic heritage and culture of Coesia and consists not only in the development of new technologies, products and solutions, but also in the creation of an environment that actively involves stakeholders, customers and the numerous Companies of the Group.

Working closely with customers to understand their current and future needs is a key driver of the innovation process.

Industrial research and innovation have always been a priority for Coesia and its Companies:

the Group strives to constantly improve its technologies, products, solutions and processes so it is always ready to meet the needs of stakeholders and customers and exceed their expectations.

The way innovation is generated has changed over the last few decades. Today, the market is driven by both customer and consumer needs, and innovation cannot be separated from sustainability and digitization. These two elements, the main drivers on which Coesia today bases its strategic vision, enable the Group to remain competitive in the market and, above all, to generate value with full respect for environmental and social dynamics, establishing a continuous and consolidated relationship with all players on the value chain.



INNOVATION AND SUSTAINABILITY FOR COESIA

The concept of innovation

At Coesia innovation is a truly creative and interactive process that involves multiple players: customers, suppliers, marketing, research and development and engineering.

It is an integrated process that starts with the development of the concept, is refined in the design phase and ends with the “delivery” of the finished product or service requested.

This process applies to all New Product Development (NPD) projects which involve:

- **disruptive innovations**, which create a new market;
- **new product lines**, which enable Coesia to enter an established market for the first time;
- **line extensions**, that supplement an existing product line;
- **product improvements**, which improve the performance of existing products;
- **customer-specific projects**, that develop innovative concepts addressing specific needs, making the Group’s wide range of competencies available to the customer;
- **cost reduction**, that provide comparable performance at a lower cost;
- **repositioning**, which takes existing products and targets them to new markets or segments.

Every year this process results in the launch of new products on the market.

Providing increasingly sustainable solutions

Coesia is strongly committed to integrating sustainability at every stage of design and production, providing increasingly efficient solutions with lower environmental impact. This multidisciplinary approach is of great value to the Group and represents an important catalyst for the effective use of all resources within the Group Companies.

For Coesia, sustainable innovation means acting consistently with its principles in terms of:

- **increasing the efficiency of the machines:** generating less waste and scrap, lower energy consumption per unit of product in order to contribute to the lower ecological footprint of the machines;
- **expanding the range of sustainable solutions:** developing technological solutions capable of managing new packing materials with lower environmental impact, new packaging formats that optimize material consumption and logistical costs by reducing volumes, all the while paying attention to the development of new solutions for format and brand changeovers to optimize time and consumption, making our portfolio even more flexible.

Coesia is also committed to launching life cycle assessments (LCAs) of its solutions – both machinery and proprietary packaging – in order to assess their potential impacts on the environment and identify areas for improvement. This methodology is used with the aim of supporting customers in the overall assessment of the environmental impact of their final products, while at the same time offering ideas for the development of alternative solutions, thus transferring the know-how acquired over the years by the Group to all the players involved in the value chain. To strengthen the definition of environmental strategies in the Group's Companies and accelerate the implementation of existing initiatives, the Coesia's Center of Expertise Environmental Sustainability performs, inter alia, the important function of monitoring market trends,

new policies related to environmental sustainability and the launches of new materials and products by suppliers and customers, centralising the collection of data on ongoing projects within the Group.

Organized as a working group which involves the participation of about 50 marketing and R&D staff from Central Functions and individual Companies, the Center of Expertise Environmental Sustainability enables the constant sharing of updates on initiatives related to the development of sustainable solutions by the Companies to foster greater internal awareness and trigger new synergies.

Coesia's Companies work side by side with customers and suppliers, and with the support of the Center of Expertise Environmental Sustainability, to create sustainable new products and solutions, as well as to upgrade the installed base to enable the processing of more environmentally friendly materials.

In fact, during the Covid-19 pandemic the Group was able to notice a growing awareness of this issue among the main market players. For this reason, Coesia continues to develop its strategy so the portfolio machines, and those already installed at customer premises, are able to use more sustainable materials, and in lower quantities, for the creation of packaging.

Approximately 5% of the patent applications filed by Coesia in 2020 protect technology solutions directly related to sustainability issues.

Confirming the Group's commitment to integrating sustainability in its innovation processes, roughly 5% of patent applications filed by Coesia in 2020 protect technology solutions with a direct impact on sustainability. More specifically, these solutions reduce the use of plastic, adopt eco-friendly materials and increase the energy efficiency and efficient control of machines and equipment.

In this context, the following technology solutions have been developed:

- a sealing system for a food container that optimizes the shelf life of the contents by preventing it from being opened if the contents are spoiled. Through this innovation, consumers are effectively prevented from eating or drinking spoiled food, and it has therefore proved to be a useful tool in promoting food safety (IPI patent);
- nappy with a super absorbent core whose production method makes it possible to reduce the amount of hygienic cellulose used to make it (GDM patent);
- packaging for smoking products that completely dispenses with the plastic overwrap that seals the box. This facilitates the separation and sorting of waste materials (paper, polymer film, etc.) (G.D patent).

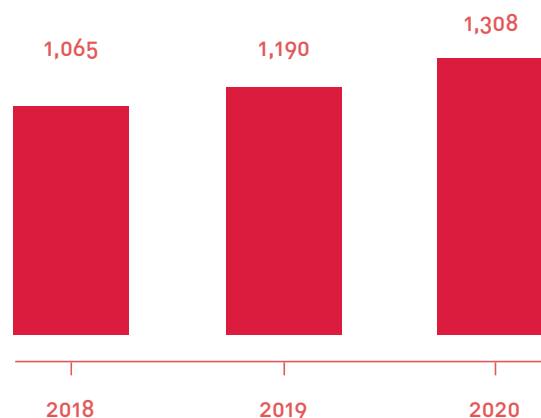
Research and innovation form the core of the Coesia culture which is why different functions of our organization collaborate in the innovation process: from Marketing, which provides strategic input on market demands, to the numerous research and development centers in the Group Companies and specialized Corporate functions, including the Coesia Engineering Center. In 2020, the 1,588 people working in our Engineering and R&D departments contributed to a series of major achievements, including the launch of 29 new products.

To continue to guarantee customers the development of cutting-edge products, Coesia invests a significant annual budget in engineering and research and development activities which, in 2020, amounted to more than 9% of the Group's turnover (in line with 2019). Further confirming our commitment in this area, in 2020 the number of inventions patented by Coesia (active patent families) grew by 10% compared to the previous year.

The overall patent portfolio has also grown with the number of total patents active in the areas of interest to Coesia coming to 3,922 in 2020, an increase of 9% compared to the 3,598 in 2019. This significant increase, recorded in a year like 2020, once again shows how innovation and the quest for continuous improvement are essential drivers behind the solutions proposed by Coesia.

+10% growth in active Coesia patent families compared to 2019.

Coesia's patent portfolio



R&D CENTERS

At Coesia, each Company has its own research and development center with specific expertise in the sectors in which it operates, in line with the peculiarities of each individual Company. Companies are autonomous in developing machines and processes for the technologies they oversee, encouraging individual growth and the commitment of our employees.

At central level, a review of New Product Development (NPD) projects is carried out in order to strengthen synergies, with a view to optimizing costs and portfolio solutions. The Group Companies are constantly in contact with each other and work together to develop common approaches, sharing specific technological knowledge.

COESIA ENGINEERING CENTER (CEC)

The Coesia Engineering Center (CEC) is a Corporate function established in 2012 with the important objective of supporting the Group's Companies in strategic projects with a high level of innovation.

The organizational structure of the CEC ensures flexibility and focus on objectives. The work teams are in contact with all of the Group Companies to promote innovative methodologies, transfer technological know-how and support them in the execution of projects that require a high use of resources and have a high innovative content.

The Coesia Engineering Center also devotes a lot of attention to the issue of sustainable packaging in order to satisfy both market trends and the needs of customers, for the most part companies which operate on international markets and are closely focused on environmental issues.

The team works on packaging solutions with lower environmental impact and on technological solutions that can be implemented on the machines.

Given the strategic role of the CEC, the number of its employees has increased significantly in recent years, going from 12 to 72 people between 2012 and 2020, including executive manager, project managers, mechanical and electronic engineers and testing technicians.

Coesia's innovation figures in 2020



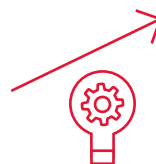
1,588

People in Engineering and R&D departments



29

New products successfully launched



9.3%

Of revenue invested in Engineering including R&D



1,308

Patented inventions

COESIA DIGITAL

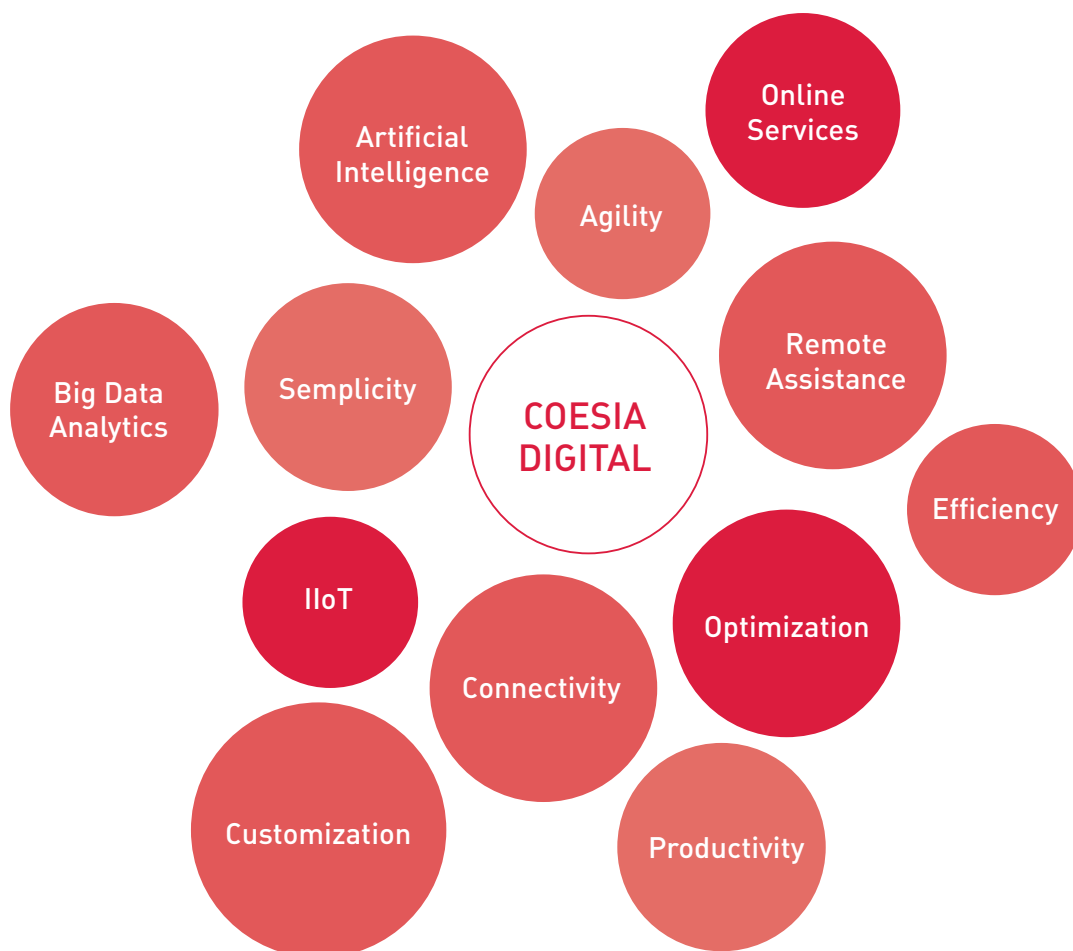
More efficient and reliable solutions can be achieved through the use of the most innovative digital technologies.

To continue offering customers cutting-edge products and services, Coesia is exploring the fields of IIoT – to connect machines and systems – big data analytics, Artificial Intelligence applied to machines and lines, augmented reality and digital assistance, keeping Cyber Security at the forefront of the Group's priorities.

To accelerate the digital transformation plan and develop even stronger relationships with customers and suppliers, a cross-functional team, that leverages on skills, know-how and internal synergies, has been set up.

Four areas of intervention have been identified:

- **online services**, such as Remote Assistance, Remote FAT (Factory Acceptance Test+) and Webshop (the online platform for ordering spare parts, tracking orders and shipments);
- **new digital services**, to meet customer requirements in terms of customization, optimization, efficiency, simplification and agility;
- **edge analytics and Artificial Intelligence**, to improve machine productivity and optimize maintenance;
- **content marketing**, to communicate our competencies and share them with customers.



In 2020, to enable customers to adapt to a rapidly changing environment, where speed, agility and flexibility are essential, Coesia enhanced the development of digital services and platforms to access them, significantly improving the customer experience.

Among these platforms:

- a new human-machine interface, with an intuitive user experience, providing connectivity and smart functionalities, and designed to optimize the performance of our machines. This platform has been developed to facilitate access to wizards and digital documentation (reports, statistics, etc.) directly on the machine, and accelerate operations such as format changeover, troubleshooting, maintenance, training;
- an integrated IIoT platform aimed at allowing

real-time monitoring of connected machines, in order to improve their performances, thanks to a smart interface and customized dashboards. The aggregation of production data offers an overall snapshot of productivity trends and makes it possible to react quicker, if necessary;

- a digital platform for predictive analysis and Artificial Intelligence, to detect anomalies in process variables, improve machine productivity and adopt a smart and predictive approach to maintenance.



Sustainability and innovation come together in the Research and Development Centers.

Traditionally, the Coesia Companies have always produced automatic packaging machinery, but in 2012 the Coesia Engineering Center partnered with ACMA to take on a new challenge that led Coesia to develop an automatic machine for the production of fresh filled pasta for a world-leading customer in the industry.

As part of the close and positive partnership between the Group and the customer who provided its know-how on the treatment of the product, 2013 saw the completion of the development and launch of the first platform for the production of tortellini with a speed of about 2,500 products per minute (more than twice as many as the existing machines) and a quick format changeover: an industrial Tortellini machine that replicates the manual production of the product and expands the range of fillings while maintaining the freshness of the ingredients. Not only does this machine have the advantage of speed and flexibility, it has also led to a clear reduction in energy consumption, hot

water consumption for washing, an 80% reduction in scrap filling compared to the technology adopted up to that point, and a reduction in production floor space per unit of product.

Thanks to the confidence placed in the team and the results achieved in handling such a delicate product, in 2016 ACMA and CEC were presented with a new challenge: designing a platform for the industrial production of ravioli. This is how the Ravioli machine, capable of producing up to 2,400 kg/h of stuffed pasta (more than twice the existing machines), was developed.

As of 2019, several dozen Tortellini and Ravioli units had been installed and it has been possible to consolidate and quantify the team's effort in designing advanced machines able to optimize consumption, scrap and space with great customer satisfaction.

PouchLab: VOLPAK's R&D Excellence Center

The growing demand for sustainable packaging solutions, also driven by the constantly evolving legislative context, guides the Coesia Companies in the development of new technologies and the design of high-performance eco-friendly materials.

VOLPAK, which has always considered the reduction of the environmental impact of flexible packaging as a key factor of responsibility towards customers, people and the planet, has launched the PouchLab project. It is an area within the Company that serves as a R&D excellence center for the development of sustainable packaging solutions, combining expertise and experience in machines and materials.

Since its opening in May 2019, the space has been made available to customers and suppliers to test new materials with lower environmental impact (with about 80 tests carried out since the start of activities), subsequently used to make customer products to be launched (both new and existing products) more sustainable.

Thanks to this initiative, the Company has consolidated its reputation as a recognized partner in the industry, able to develop valuable partnerships with material suppliers and provide ready-to-use solutions to customers.

More specifically, the activities of PouchLab mainly concern:

- the use of innovative materials: definition of technical requirements and feasibility verification;
- tests and measurements: validation of packaging solutions at the in-house PouchLab, guaranteeing maximum confidentiality and customer satisfaction;
- proposal of new solutions: supply and installation of retrofit parts by VOLPAK technicians;
- pilot runs: production at full capacity and welding using innovative and sustainable materials.

All this is possible because the lab is equipped with pouch forming equipment, test rigs for complementary operations, testing equipment to measure the results of the trials and to check the behavior of the materials during the trials, as well as rapid prototyping machines to make "just in time" most of the parts needed.

In 2020, the pandemic did not stop the further expansion of the PouchLab, which saw the addition of one dedicated person and the involvement of 12 customers and suppliers. The machine's testing capabilities have been expanded, making it possible to carry out trials in the presence of spouts.

Sustainability also in the Norden and Citus Kalix tubes

Sustainability represents, today more than ever, one of the key challenges for Coesia and the Group's Companies. Recyclability and the environmental impact of packaging are increasingly a priority for consumers, as well as a point of interest for the legislator, especially in Europe.

From this point of view, with specific reference to the tubes, a profound change of direction is taking place that primarily affects the choice of materials.

As opposed to multi-material tubes (made of layers of aluminium and plastic), many brand owners now want to use mono-material tubes (consisting of a single material, from the top to the cap) for greater and easier recyclability of packaging by consumers within the same stream. The path to more sustainable packaging solutions also includes a reduction in the quantity of virgin raw materials used, for example by using PCR (Post-Consumer Recycled) content tubes, which can give a new lease of life to used materials without depleting our eco-system of additional resources.

At the same time, the spread of paper-based tubes, and therefore based on recyclable materials, is growing, especially in the world of cosmetics and skincare.

The impact of sustainable materials for tube-filling machines is often linked to the welding of the tube itself after filling, since the sealing process must be adapted to new materials with chemical/physical properties different from the standard ones. Norden and Citus Kalix, Coesia's leading Companies in tube-filling solutions, are available to test, together with customers and partners, the runnability of these new sustainable tubes, continuing to invest in the research and development of any technical improvements.

During 2020, multiple types of tubes were tested – some of which led to the launch of alternative packaging solutions on the market.

The concept of sustainability for GDM

Consumer attention to sustainability continues to grow. Through their purchasing behavior, consumers prefer brands that demonstrate their commitment to reducing their environmental impact, especially in terms of the raw materials used for products and packaging.

Some of the areas of intervention of GDM are:

- **Reduction of the quantity of raw materials used for the production of disposable hygiene products:** thanks to the new core formation process (Extra Thin Core), it is possible to reduce the amount of material used in nappies by up to 40% and to significantly reduce energy consumption compared to traditional processes, guaranteeing the same performance and quality. Thanks to the Extra Thin Core, nappies are thinner than those with a standard core formation, thus reducing the size of the package: the result is 25% more space available on the shelf and in the warehouse, with a consequent reduction in logistics-related emissions;
- **Use of more sustainable materials, both for hygiene products and for their packaging:** GDM has actively worked to make the fibres with a lower environmental impact for the core of single-use hygiene products (such as bamboo, eucalyptus, banana leaves and cotton) runnable, and to guarantee brand owners the possibility of using alternative materials to polyethylene (PE) and polyphenylene ether (PPE) for bags (such as, for example, bio-based materials);
- **Reduction of waste and scrap through the Option Zero program:** the project focuses on the optimization of the machine's operating times, such as the format changeover (Zero Time), the elimination of coatings and waste, with consequent savings in the raw materials used and the reduction of production costs (Zero Waste), the improvement of quality and the consequent reduction of defects to improve customer satisfaction (Zero Defects), as well as the replacement of materials for closures and welding of materials with ultrasonic technology (Zero Glue).

The Coesia Shelf of Sustainable Solutions

In 2020, in order to gather together in a single repository the low environmental impact packaging solutions developed by the Group Companies, Coesia created the Coesia Shelf of Sustainable Solutions.

Initially designed for the display of physical models at trade shows, following the outbreak of the pandemic, the project has evolved at virtual level so it can also be used for online meetings. Today, this repository offers more than 70 solutions that can be implemented by Companies.

Designed with the support of the Coesia Packaging Innovation Center (PIC), the shelf presents sustainable solutions by industry, allowing users to easily identify products of interest, and clarifies product sustainability credentials.

3.2

The Coesia way to excellence

A systematic approach to continuous improvement is essential to ensure the sustainability of the business over time and the high-quality standards required. For this reason, Coesia has introduced a multigenerational

program under the umbrella of Operational Excellence which is based on the Lean Six Sigma methodology and featuring the InCo (Indirect Costs), Core Business Process Redesign and Data Science programs.

The Coesia way to Operational Excellence



LEAN SIX SIGMA (LSS)

In 2014 Coesia launched the Lean Six Sigma program, adopted globally, with the aim of providing a common platform and language for Operational Excellence in all businesses, functions, and processes. The deployment strategy of the program is led at corporate level by the Lean Six Sigma team and locally by the so-called Champions (the heads of the organizations) who, together with the Black Belts and the Sponsors, are responsible for defining a program deployment plan for their organization and identifying both the improvement initiatives to be launched and the people to be involved as project leaders (the Belts).

All LSS projects have a Sponsor, the processes owner, who is called upon to act as a change agent within its business area, speeding up the process of implementing improvements and ensuring that the necessary resources are available. Based on the LSS training received and the time dedicated to improvement activities, the Belts are divided into:

- Master Black Belt (MBB)
- Black Belt (BB)
- Green Belt (GB)
- Yellow Belt (YB)

The number of Belts is increasing year by year thanks to the spread of the program within the organization and the Coesia LSS Academy which, since the beginning of 2016, has managed all LSS training sessions directly delivered by the MBBs and BBs.

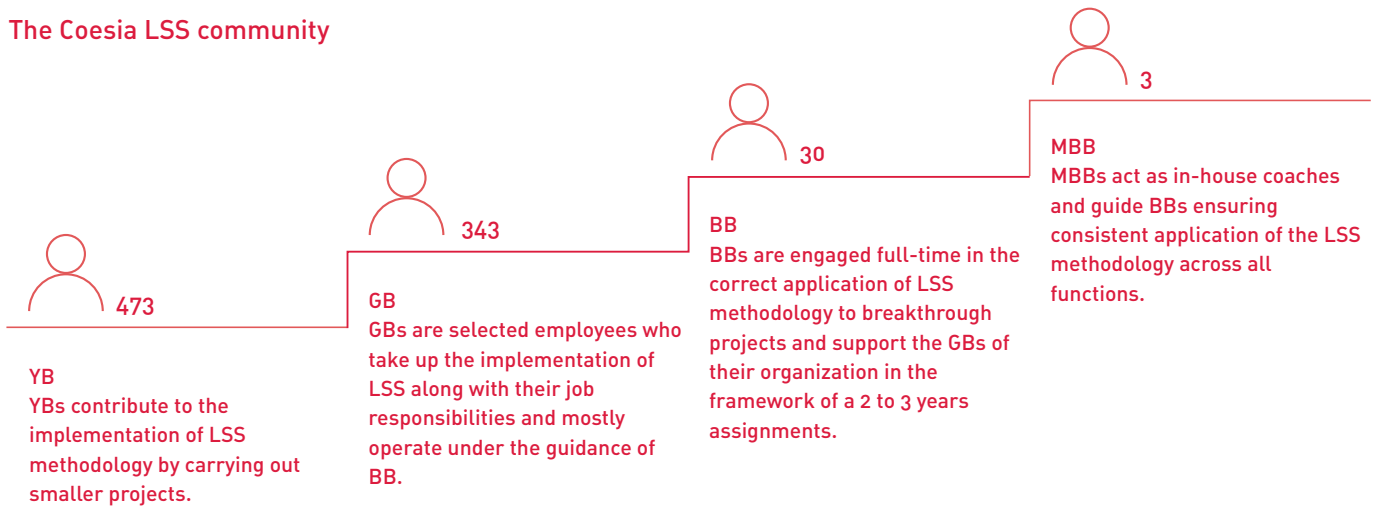
In 2020, the LSS Academy involved all Coesia Companies and Regions, reaching a total of 849 active Belts (they were 687 in 2019), consisting of 3 Black Belt Masters, 30 Black Belts, 343 Green Belts and 473 Yellow Belts.

By completing the LSS training course and the development and implementation of two LSS projects, each Belt can obtain a certification issued by the Academy or, in the case of Black Belts, also by an external partner company.

In addition, the introductory courses to the principles of the LSS methodology - LSS Awareness training - continue and have involved 1,217 employees not directly involved in the LSS program since 2015.

During the year, 316 Lean Six Sigma projects were launched (1,394 projects in 6 years). These improvement initiatives aim to strengthen internal operational efficiency while maintaining a strong and shared customer-centric and customer needs-driven vision.

The Coesia LSS community



As part of the LSS program, at the end of 2018, the Horizon project was also developed focusing on improving the profit margins of the solutions offered by the Group. The project was divided into three main phases:

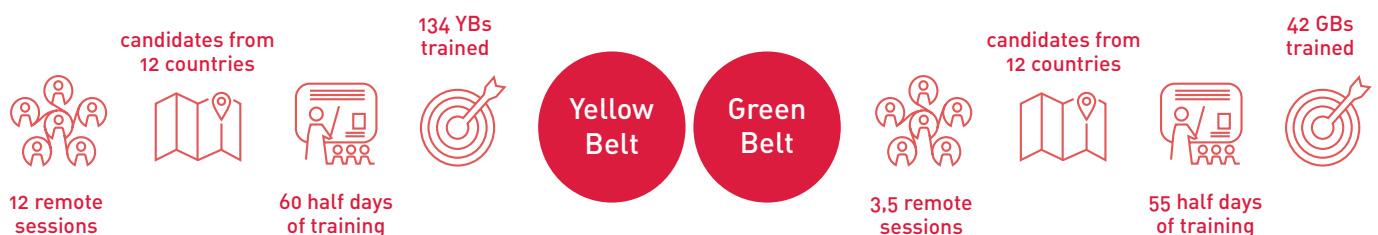
- preliminary diagnostics, involving an analysis of the product lines' profit margins in order to identify the priority intervention areas;
- detailed diagnostics, focusing on the in-depth analysis of the priority areas of intervention and on the identification of possible areas for improvement;
- implementation, during which the possible actions and models to be adopted at several Companies of the Group, the adoption plan and the subsequent monitoring of the results, were defined.

To cope with the situation caused by the Covid-19 pandemic, the LSS Academy, as part of Operational Excellence, had to review and convert all trainings from in-person training mainly held in the classroom to distance learning sessions.

The LSS Academy has therefore undergone a remarkable process of change and innovation with the aim of preserving the same effectiveness and level of involvement of the participants as in the training sessions held in the classroom. To meet this challenge, all the activities planned for the training were re-designed and revised, introducing new tools, new online platforms and new remote communication systems.

By providing the LSS Academy courses remotely it has been possible to involve a greater number of employees than in previous years, especially from the Middle East, Asia and North America. da remoto.

Successful results with e-Learning at LSS



INDIRECT COSTS - INCO

InCo is a global initiative targeted at supporting Company growth by leveraging on the control, analysis and reduction of indirect costs. Given the competitive environment and the continuous evolution of the business, the main objective is to free up resources for the evaluation and implementation of new investments, innovative projects and process improvements throughout the Group. In this challenging context, the InCo program aims to eliminate or reduce activities that do not generate added value by acting on those expenses that do not effectively contribute to the sustainability of the business and to incentivize the Group's purchasing strategies also through the possible introduction of ad hoc policies to be adopted by the various Group Companies.

To maintain and expand the success of InCo, Coesia promotes improvement projects and provides continuous support to Companies and Regions by sharing competencies and best practices to facilitate local initiatives.

Developing sustainable cost-efficient culture within the Group and encouraging the generation of new ideas are the main objectives of the program to tackle new challenges with determination and energy.

CORE BUSINESS PROCESS REDESIGN (CBPR)

Core Business Process Redesign (CBPR) supports the Group in the creation of robust processes that aim to maximize and safeguard the "Value Proposition" to its customers.

In 2020, CBPR continued the review of some processes within a Group Company, acting in sync with the reorganization team and following a development plan that has redefined the model of approaching and managing pre-existing and new customers even in less explored markets. For example, the Company now can rely on processes, roles, and responsibilities for the continuous assessment of the potential of geographical markets and a synergistic cooperative model of the central

and local sales force.

DATA SCIENCE

Data Science is the Coesia initiative for the application of Artificial Intelligence (hereinafter AI) to internal processes. A dedicated center of expertise provides a Big Data learning algorithm development service to all Group Companies.

The intelligent systems that were created contribute to:

- empower decision-makers with data-driven support tools able to give directions and suggestions;
- automatize and/or speed up lower value-added operative tasks so as to fully employ people in higher value-added activities.

In 2018, the Data Science team devised SHAPE, a proprietary Coesia methodology to generate customized AI solutions and tools on the basis of carefully analysed information requirements. The fundamentals of Data Science and SHAPE have been disseminated throughout the organization through specifically designed training sessions.

Since 2018 an annual training session has been dedicated to the Black Belts of the Group to give them the tools to identify possible domains in which the potential of Artificial Intelligence can be used effectively in the Group Companies' internal processes.

In 2020, Data Science expanded its training offer to disseminate knowledge and awareness of the potential of AI to the rest of the company population interested in the topic.

The Data Science team also spearheaded development projects in collaboration with the Group Companies and the Central Functions. For example, the marketing and sales processes of a Group Company are now supported by applications that use data on sales opportunity, orders, and customer visits in predictive and advanced analytics models that help understand and predict customer behaviors as well as carry out targeted initiatives.

Profits:



ANALYTICS DASHBOARD



Evolution:



Actual vs Target



Data Availability

KPI: Product

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Market Share



Customers Satisfaction

3.3

Safety at the core of our machines

To ensure the safety of its solutions, Coesia's strategy involves detailed analyses and specific tests in the design, construction and installation phases, in order to ensure the best safety conditions for operators of the marketed machines.

During the design phase, a risk analysis is carried out for all the machines manufactured by the Group in compliance with applicable regulations, taking into account all the safety aspects defined by the product regulations in order to minimize any potential risks. All the machines manufactured by the Coesia Companies are, in fact, compliant with the regulations in effect in the countries in which the product is marketed (e.g. Machinery Directive 2006/42/EC in the European Union, the NR 12 directive in Brazil, the EAC in Russia, the OSHA in the United States and the KC in Korea).

A Technical Construction File (FTC) is specifically drawn up to certify that the machine meets the set requirements for its design, manufacture and

operation. The file contains the evaluation of the risks associated with the use of the machine throughout its life cycle and the measures taken to eliminate or minimize them.

In addition, since 2010 the Group has been monitoring any non-conformities during the use of its machines that have an impact on safety, immediately proposing technical solutions to end users that further improve their safety.

Special attention is also paid during the construction phase to ensure that the machine is safe for both the Group's employees and customers.

In fact, Coesia's technicians carry out testing on the manufactured machine both in the production plants of the Group Companies, where the machine is made, and at the customer's premises with the aim of ensuring a safe and efficient product. The main phases of machine construction in which safety is assessed and tested are the following:

1

running-in, the machine is tested at low speed without feeding materials (boxes, products, hot liquid glue) to ensure that all the mechanisms work correctly and to avoid breakages, process interruptions or failures;



2

quality tests, in this testing phase quality tests and checks are carried out on open actions to achieve the highest quality standards. The testing phase is precise and adjusted to the needs of each individual customer based on the use of the machine;



3

safety devices, safety devices are tested to ensure that the machine's systems operate in compliance with the regulations in force. By following a specific procedure, the operation of all devices is tested separately to ensure the safety of all operators working on and near the machine;



4

final test, the systems are then tested together, progressively increasing the speed to verify the actual performance of the machine. Before leaving the production plant, the machine must also pass a final test, after which a list is compiled to ensure the tracking of any final modifications.

Once the tests have been carried out to ensure safety, the machine is dismantled at the disassembly stations, packed and shipped to its final destination. On its delivery to the customer, the machine goes through the installation phase, where it is assembled and tested with the product and the materials for which the machine is designed, so as to ensure its correct operation.

**Providing a customer
experience built on trust.**

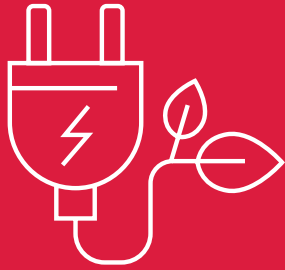
The high quality standards applied by the Group are intended to ensure that, at the time of its design, the machine is not only made safe from the point of view of its use but also has a long lifetime. For this reason, as part of its after-sales support, Coesia offers a wide range of maintenance and overhaul services to guarantee the quality of its machines over the years, especially in view of the extended life of the products placed on the market (about 20-30 years).

Being customer-centric means having the capacity to respond promptly to market needs, and sometimes anticipating them. Coesia achieves this through its innovation-driven approach to all the processes involved.

4

Our vision: reducing impacts from the supply chain to production

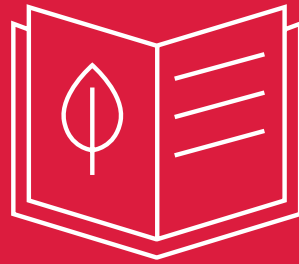




+89% self-produced and consumed energy from photovoltaic systems



-16% water consumption vs 2019



Suppliers' Code of Ethics defines high ethical standards for a responsible supply chain



-13% waste produced vs 2019



-12% emissions intensity vs 2019



~15.000 total suppliers (direct+indirect)



~90% direct spending with local suppliers

4.1

A robust and responsible supply chain

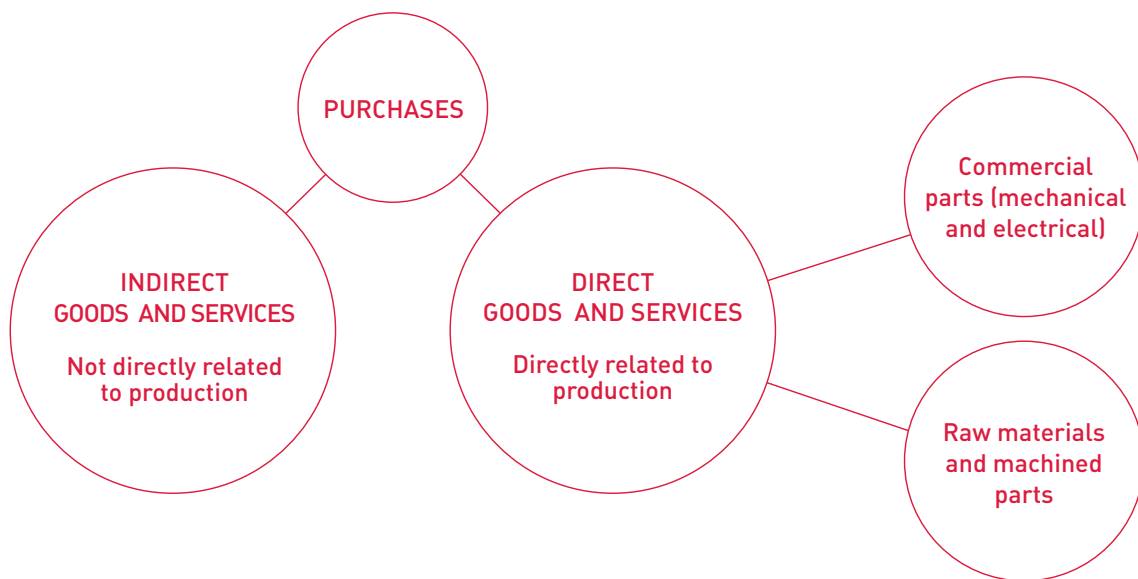
A strong and responsible supply chain is a strategic factor for the growth and development of Coesia. The Group has always prioritized longstanding partnerships with its suppliers with the aim of achieving excellent levels of quality through a targeted improvement process.

The Group's commitment to its suppliers, in particular to local ones, is to support their skills and abilities in order to improve their performance and economic stability. In fact, a well-connected supply

chain helps the Group to detect and respond quickly to challenges while promoting enhanced mutual collaboration.

Coesia purchases goods and services either directly or indirectly, depending on their connection with production. Direct purchasing includes two categories of goods: commercial parts (mechanical and electrical) and raw materials and machined parts.

Raw materials and machined parts form the Group's know-how. The machined parts designed by Coesia's engineering departments and the raw materials purchased for internal manufacturing guarantee the excellent performance and reliability of the machines

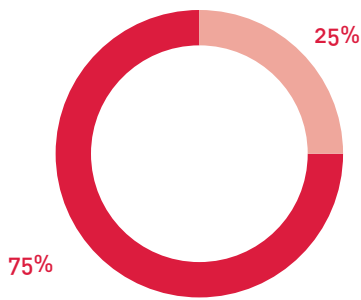


The Group's supply chain embraces many global suppliers of all different sizes and types. Direct purchasing has working relationships with roughly 8,000 suppliers, while indirect purchasing involves over 7,000 more. Coesia's Procurement department manages the strategic suppliers included in the Group's vendor list, while other suppliers are managed at local level. In 2020, 75% of the total purchasing turnover was connected to production (direct purchasing). Out of this, raw materials and machined parts accounted for 60% of total direct purchasing, in line with the previous year.

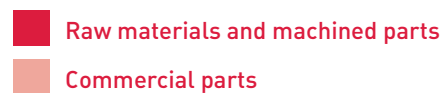
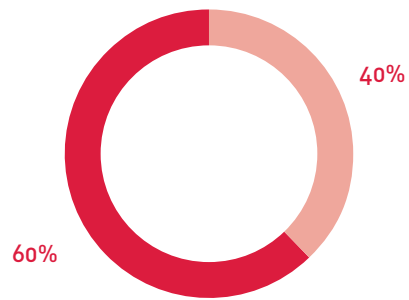
As regards the management of the supply chain, 2020 was a year full of challenges due to the pandemic. To ensure the continuity of its activities, the Group was flexible towards its suppliers and took steps, through collaborations with its commercial partners, to find solutions to support the continuity of procurement, leveraging on the further strengthening of existing relationships.

¹ A decrease of about 11% compared to 2019 following streamlining and category management activities carried out during the year.

Purchasing turnover and distribution in 2020



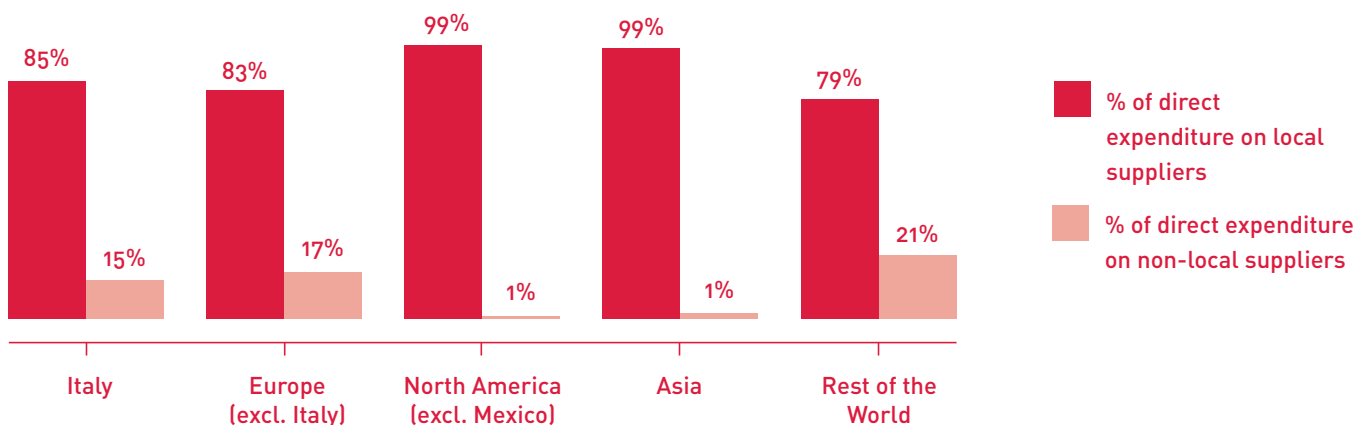
Direct purchasing distribution in 2020



Coesia also undertakes to improve its way of doing business and to support the growth of its suppliers and the communities in which it operates by buying locally: in 2020, about 90% of Group’s direct spending on goods and services was with local suppliers.

In addition, the purchasing practices in the different geographical areas confirm Coesia’s focus on promoting the local supply chain, with a significant percentage of expenditure on local suppliers, ranging from 83% in Europe to 99% in North America and Asia.

Percentage of spending¹ on local suppliers in 2020²



¹The percentage of goods and services purchased locally was calculated based on the total direct spending, excluding inter-company transactions. A product is purchased “locally” when the supplier is based in the same country as the purchasing company.

²The figures reported represent roughly 90% of total direct purchase turnover.

The Group requires its suppliers to meet the highest standards and, to this end, Coesia has designed tools that enable all its Companies to assess new and existing suppliers. To map supplier performance, a vendor rating process has been developed making it possible to track and periodically evaluate the effectiveness of the relationship with the supplier.

The rating criteria take into account the peculiar features of the supplier's specific sector and use several metrics, including quality, production and plant management systems, as well as the timeliness of deliveries.

Corrective actions are also identified for establishing a constructive dialogue with suppliers in order to improve their rating and strengthen the supply chain as a result.

In addition to this process, Coesia pursues a risk-assessment program focused on procurement from its direct suppliers, particularly strategic suppliers of highly specialized and not easily replaceable goods and services. This analysis uses several criteria, such as financial stability, the presence of intellectual property rights, and the level of efficiency of the supplier's production facilities and equipment.

As further evidence of the importance Coesia places on its relationship with suppliers, the Group has maintained and extended the Reverse Factoring program which, launched in 2019, offers suppliers access to affordable subsidized credit. The program has received a positive response and the Group's efforts to ensure the continuity of payments even during this uncertain period were much appreciated. It is also thanks to this program that the Group has been able to maintain a strong supply base.

Lastly, in order to harmonize purchasing procedures among the different Companies, the Group has developed general purchasing terms and conditions whose implementation at global level is currently underway.

In 2020 Coesia concluded the Lean Six Sigma project led by Green Belt Purchases and targeted at employees in the same area with the aim of increasing and aligning expertise related to the use of SAP management system in the various Group Companies.

In addition, the Group's purchasing portal was completed and launched in 2019, within which a sharepoint was created for communication and the sharing of all procedures, analyses, best practices, status of initiatives and risk levels of each supplier between the various purchasing departments. This IT support system is a useful tool for coordinating the various activities at central level.

In 2020, training activities continued for the suppliers of some Coesia Companies, aimed at generating benefits both for the Group and for the suppliers themselves, who were able to leverage on the skills acquired also to optimize their production processes.

The purpose of the training was to improve delivery reliability through a full understanding of the process flow.

To consolidate its commitment to the management of a responsible supply chain, the Group has defined a sustainability program, or Sustainability Roadmap, with the aim of guiding the purchasing process towards an increasingly consolidated sustainable supply chain management.

For Coesia, sustainability in the supply chain means looking beyond the boundaries of the Group and promoting a sense of shared responsibility towards social and environmental issues in a strategic and effective way.

With this in mind, the Group has adopted a Supplier Code of Ethics, a document that clearly defines the ambitious standards that the Group has set itself on issues such as ethics, work practices, human rights, health, safety and respect for the environment.

The Supplier Code of Ethics sets out the values and standards of conduct required for the promotion of a responsible supply chain. The guidelines help engender a spirit of partnership with suppliers, encouraging joint planning and the promotion of innovation in compliance with the Corporate Social Responsibility principles set out by Coesia in its Code of Ethics.





Our vision: reducing impacts from the supply chain to production

4.2

Continuous improvement to safeguard the environment

Coesia recognizes the importance of environmental protection and is committed to reducing its impacts through the constant improvement of its processes and the introduction of new technologies. Respect for the environment is considered essential for making the business increasingly sustainable and safeguarding future generations.

In order to reduce and prevent the environmental impact arising from its activities, Coesia undertakes to monitor and manage its processes as part of its continuous improvement policy. The Group's commitment is formalized within the HSE Policy, drafted in 2017, which includes, in addition to health and safety issues, also a section dedicated to environmental requirements (for further information: Chapter 2, paragraph 2.3, section "Health, Safety and Environment").

The main environmental impacts of the Group Companies are in the following areas:

- energy consumption from heating, cooling, lighting and production activities in factories and offices;
- greenhouse gas emissions from direct energy consumption (fuels and refrigerant gases.

released into the atmosphere) and indirect energy consumption (purchased electricity, district heating, and energy from sources not owned or controlled by the organization);

- waste production and disposal, primarily connected with production activities;
- water consumption, mainly connected with offices, dining halls, and irrigation. In fact, water consumption is rather limited in the production processes of the Group's Companies.

Coesia's commitment to reducing its environmental impacts focuses on some major programs, including energy saving initiatives and related investments, fleet management, corporate mobility, upgrading interventions and the careful management of waste and water resources.

In addition, to ensure its environmental sustainability over time, assess its progress and define priorities and intervention methods, Coesia can count on a monitoring system which collects data on energy consumption, emissions, water consumption and waste production.

Within the Group, the environmental management system of the Companies is certified according to the ISO 14001 (Environmental Management System) and ISO 50001 (Energy Management Systems) standards with a coverage of 40% and 2% of the Group's workforce, respectively.

Plastic Free project

In 2019, the "Plastic Free" project was launched at the Bologna headquarters with the aim of reducing the use of single-use plastic at Coesia. As one of the first initiatives organized by the Group, its focus was on limiting the use of disposable plastic in the corporate dining facility and the products sold by vending machines, for example through the introduction of biodegradable plastic.

G.D employees at the Bologna headquarters were also given reusable water bottles with the Coesia brand logo and free water coolers were installed in each coffee break area.

Given the success of the project, the initiative was extended to other Italian Companies in 2020.

¹The monitoring system is currently active in 94% of our sites.

ENERGY CONSUMPTION

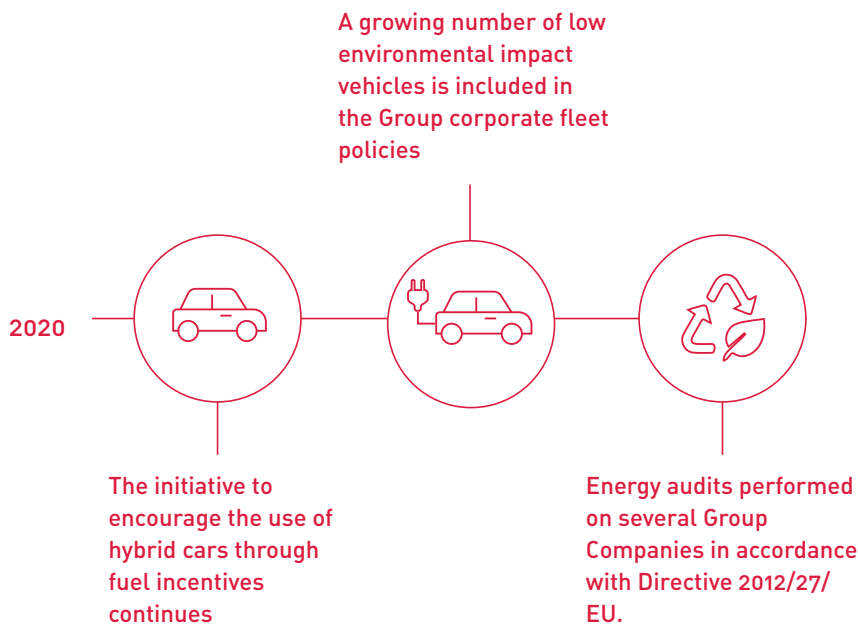
Energy consumption is one of the most significant environmental impacts generated by Coesia, given its size and the number of operating units.

For this reason, over the last few years, the Group has worked to find innovative ways and best practices to improve the energy performance of its facilities.

In fact, architectural renovations have been carried out on the external structure with the use of new high-performance materials, such as roofing, glazing and insulating coating, and the installation of high-performance next-generation systems including photovoltaic systems, LED lighting systems and solar heating panels.

In addition to these initiatives, the Energy Management System also deals with the implementation of assessment processes and investment analysis, in order to guarantee that Coesia Companies are always compliant with all legislative requirements on energy conservation and efficiency. To this end, monitoring and measuring systems have been installed to better manage and optimize the use of energy resources.

The main energy related initiatives conducted in 2020 involved the continuation of projects launched in 2019 and the development of new initiatives.



Coesia is strongly committed to making energy conservation investments, such as the gradual transition towards LED lighting systems, the adoption of integrated IT solutions for the management and control of plant systems, the implementation of automatic consumption measuring systems, the replacement of traditional heating plants and industrial technological infrastructures with energy-efficient systems.

Consistent with the Group's project aimed at adopting low-impact lighting technologies, in 2020 the Molins and Cerulean plants in the UK completed the transition to full LED lighting.

In 2020 the Group sought to keep production levels in line with the pre-pandemic situation and at the same time had to implement adequate control measures to contain the spread of the virus, which had an impact from an energy point of view. These measures involved the activation of systems to improve the ventilation of the premises throughout the year, thus ensuring the healthiness of the workplace and requiring an increase in energy use, especially natural gas (increased by 17% compared to 2019).

In 2020 total energy consumption amounted to 406,534 GJ, a slight increase (+4%) compared to the previous year, partly due to the Group's strong focus on ensuring adequate safety measures in the workplace.

Of the total consumption, 46% derives from direct energy consumption mainly used for production, heating and the company fleet, 54% is related to indirect consumption, electricity and district heating.

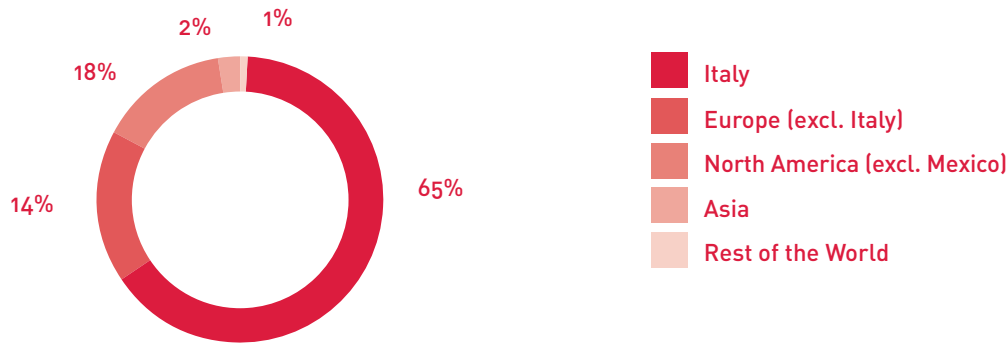
There was also an increase in the amount of self-produced and consumed energy from photovoltaic systems, +89% compared to 2019, related to revamping processes at the plants which have made it possible to generate and supply more energy from renewable sources. Over 684 GJ of self-produced energy were sold and fed back into the grid.

+89% self-produced energy from renewable sources compared to 2019.

ENERGY CONSUMPTION [GJ]

	2018	2019	2020
Direct energy consumption from non-renewable sources	159,821	162,124	186,909
Natural gas	149,255	155,131	181,399
Diesel	7,095	3,640	2,139
Petrol	2,151	1,762	1,070
LPG	70	40	16
Fuel oil	1,249	1,551	2,285
Direct energy consumption from renewable sources	4,234	5,285	9,934
Pellet	1,189	1,132	2,103
Photovoltaic	3,044	4,153	7,831
Indirect energy consumption	202,821	222,165	209,691
Purchased electricity	190,662	213,133	204,541
District heating	12,159	9,032	5,150
Total energy consumption	366,876	389,574	406,534

Energy consumption by geographical area in 2020

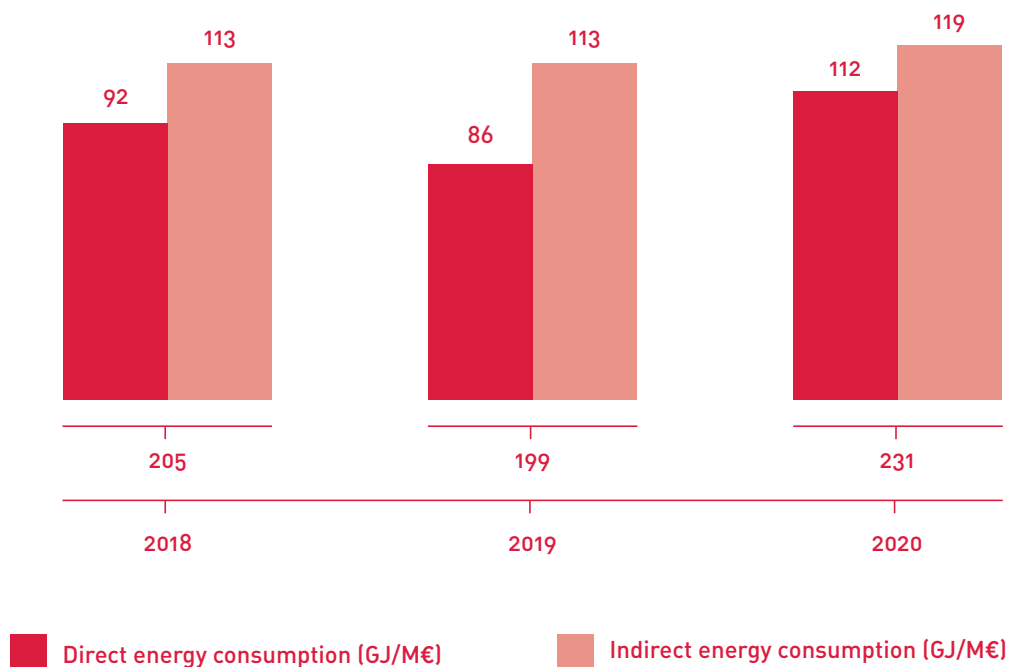


In line with previous years, the majority of energy consumption (79%) is concentrated in Europe, a geographical area where the Group has a significant number of production plants and offices.

As for energy intensity, i.e. normalization of the energy figure with respect to turnover, there was an increase in the index compared to 2019 (+16%), justified by an increase in energy consumption, in order to ensure the protection of health and safety

in the workplace, against a slight decrease in turnover compared to the previous year. Despite this, the Group continues to pursue its commitment to introducing measures aimed at saving energy and increasing efficiency, such as replacing obsolete or more energy-intensive technologies with systems that guarantee lower levels of consumption.

Energy intensity (GJ/M€)





GREENHOUSE GAS EMISSIONS

Coesia undertakes to monitor its greenhouse gas emissions annually, ranking them according to the methodology set out by the GHG Protocol. Since 2018 the quantification process has been improved and implemented through the collection of data on Scope 3 emissions, i.e. from sources that are not directly controlled or owned by the organization.

Scope 1: greenhouse gas emissions from sources owned or controlled by the organization. For Coesia, this category includes emissions from fuel consumption for heating purposes, refrigerant refilling and owned diesel, gasoline and hybrid-powered vehicles.

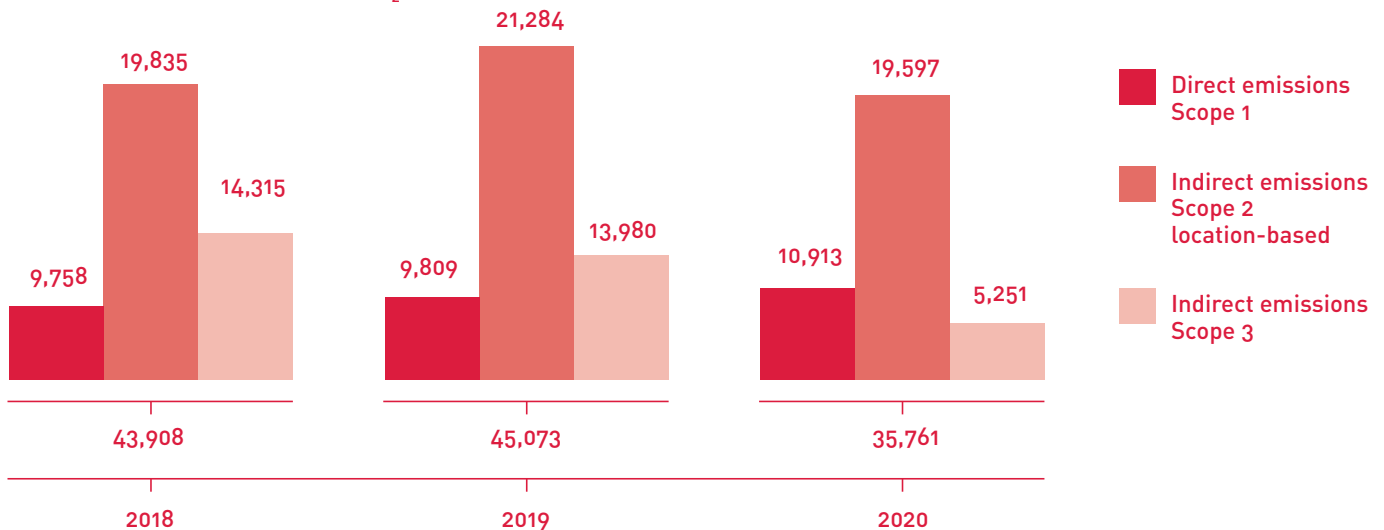
Scope 2: emissions calculated according to two different accounting methods: location-based and market-based. With the location-based method, emissions are calculated using the average emission factor associated with the national energy mix of the countries where consumption takes place. The market-based method takes into account the possible use of contractual instruments for the purchase of energy from renewable sources (e.g. Guarantee of Origin certificates), which are considered as “zero GHG emissions”. If the organization does not fully cover its needs with such certificates, an emission factor associated with the production of energy from thermoelectric plants alone shall be used for the remaining part.

Scope 3: greenhouse gas emissions from all indirect upstream and downstream emissions not included in Scope 2, that occur in the value chain of the accounting company. For Coesia, this category includes the consumption of fuel for flights and rental vehicles and the consumption of paper for office use.

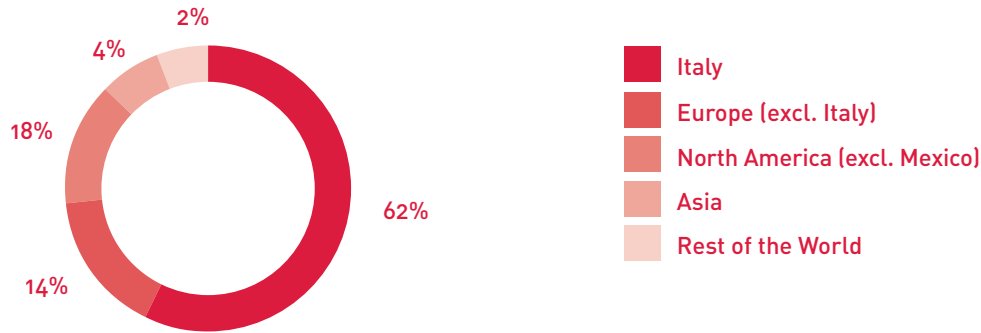
The CO₂ equivalent emissions generated by Coesia’s activities during 2020 amounted to 35,761 tons CO₂ eq (Scope 1, Scope 2 location-based and Scope 3), down 21% compared to emissions in 2019. As for the market-based method, Scope 2 emissions amounted to 25,456 tonnes of CO₂ eq, for a total (Scope 1, Scope 2 market-based – and Scope 3) of 41,620 tonnes of CO₂ eq.

As shown in the graphics, Scope 1 emissions have increased by 11%, mainly due to the greater use of natural gas, while Scope 2 emissions (location-based) recorded an 8% decrease partly due to the use of energy from photovoltaic systems installed at the Group’s plants. The 62% decrease in Scope 3 emissions is mainly due to the digitization of processes, the implementation of remote working and the reduction in business travel due to the pandemic.

Greenhouse gas emissions (t CO₂eq)



Emissions by geographical area in 2020

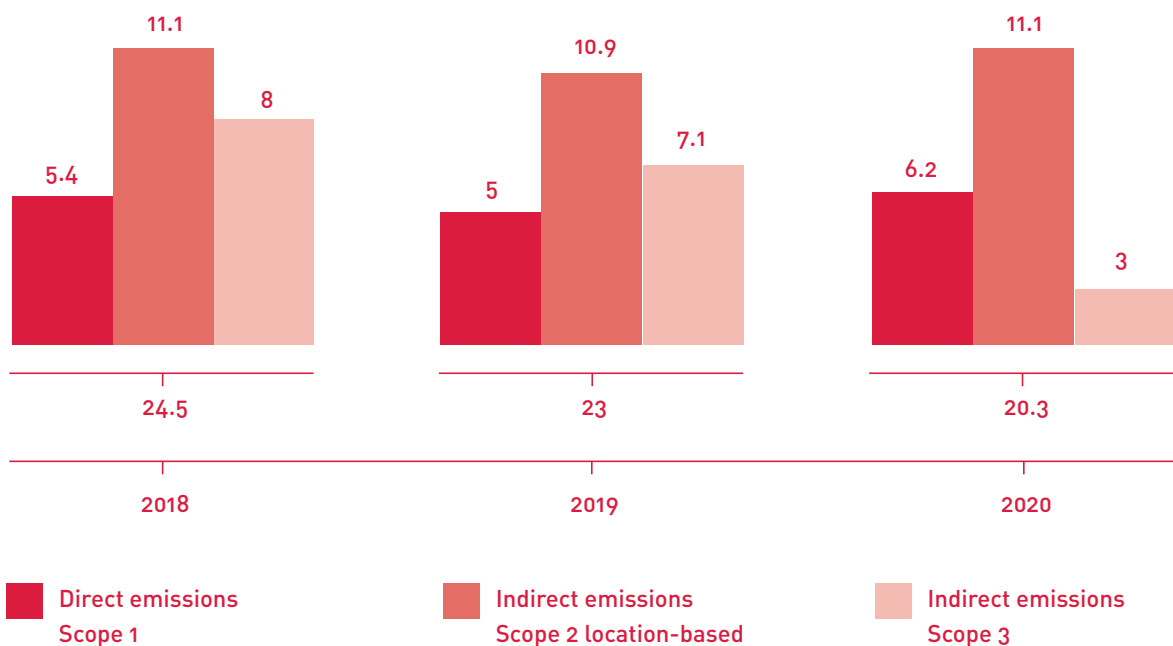


The geographical breakdown of emissions is in line with that of energy consumption, i.e. 75% of emissions are generated by European sites.

As for emission intensity, where emissions are normalized by revenue, there is a general overall decrease of about 20 tonnes of CO₂ eq emitted per million euro generated in 2020, down 12% compared to the previous period and 17% compared to 2018. However, if we consider individual emission intensities, the intensities related to Scope 1 and

Scope 2 emissions remain in line with previous years even if they have increased due to the commitment to ensuring the safety of working environments during the pandemic, while the intensities related to Scope 3 emissions have dropped significantly and, given the specific nature of the reporting period with a substantial reduction in travel and the implementation of remote working, are difficult to compare with the figures of previous years.

Emission intensity (t CO₂eq/M€)



WASTE MANAGEMENT

Coesia considers waste management and disposal activities an integral part of the production process of its Companies as these are closely related to the optimization of production efficiency. Following careful analysis, waste is classified and divided into hazardous and non-hazardous waste and disposed of accordingly, in compliance with local regulations.

Waste production in 2020 was down (-13%) compared to the previous period and in line with the decrease in production caused by the outbreak of the Covid-19

pandemic. Meanwhile, total hazardous waste produced decreased by about 5% compared to 2019 and now accounts for around 11% of total waste.

Thanks to the type of production, the materials used and the processes implemented, only 11% of waste produced is hazardous.

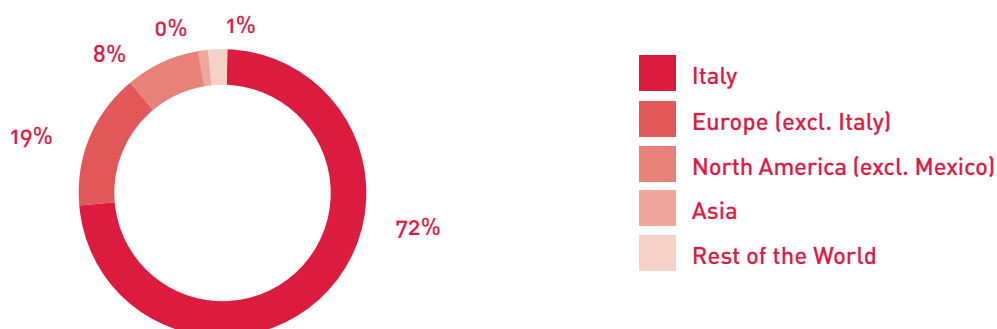
WASTE BY TYPE AND DISPOSAL METHOD (T)

	2018	2019	2020
Total hazardous waste	990	940	897
sent for recycling/reuse	68	317	247
sent to landfill	922	623	650
Total non-hazardous waste	7,680	8,152	7,006
sent for recycling/reuse	5,817	5,942	5,494
sent to landfill	1,863	2,210	1,512
Total waste disposed	8,670	9,092	7,903

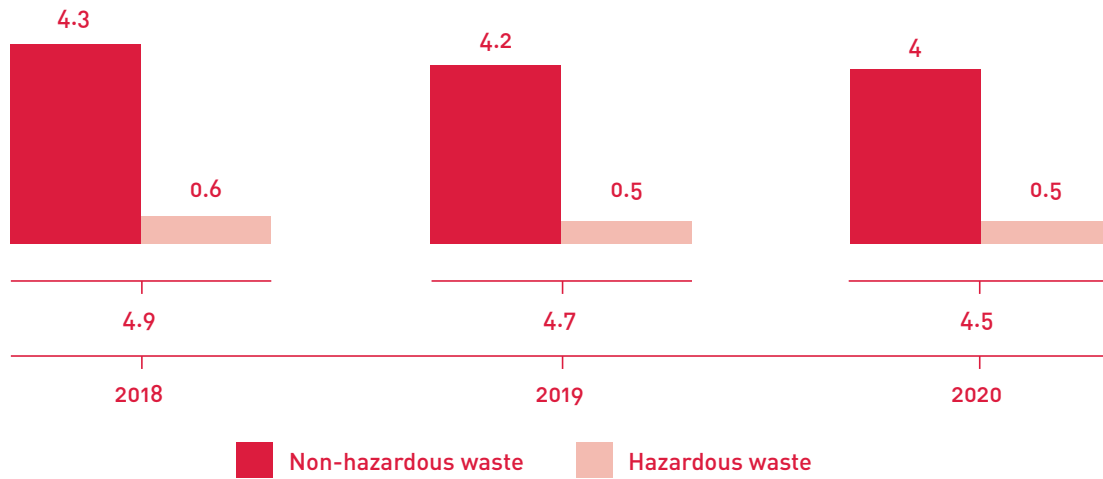
Over the years, Coesia has striven to improve its production and waste sorting processes, in order to recycle materials and minimize the environmental impact caused by waste production: in 2020, around 73% of waste was recycled.

The breakdown of waste by geographical area shows that over 90% of the waste produced and disposed of comes from European sites. This is due to the greater concentration of production facilities in Europe.

Waste production by geographical area - 2020 (t//M€)



Waste production normalized by revenue (t/M€)



If we consider total waste production as a proportion of Group revenue, the increase in absolute terms translates into a reduction of 3% compared to the previous year.

This positive trend, in addition to being traced back to the pandemic situation, can be also credited to good practices and process efficiency improvements.

WATER MANAGEMENT

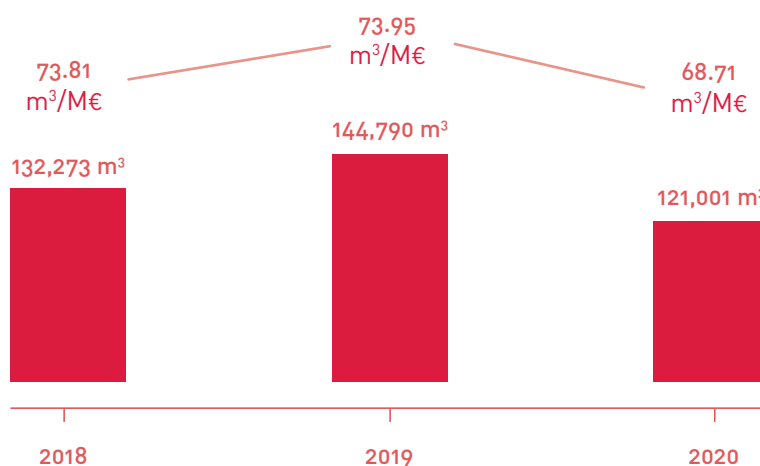
Given the global context, Coesia is careful to preserve water, a precious and finite resource. The Group regularly monitors water consumption and strives to adopt effective solutions to reduce the use of this key resource.

Coesia's water consumption is mainly related to non-production purposes, i.e. for civil use (hydraulic and heating systems, toilets, irrigation, etc.).

Wastewater from all activities is sent and managed in the appropriate treatment plants, as required by the local legislations.

In 2020, there was a decrease in water consumption compared to previous years (-16% compared to 2019 and -9% compared to 2018), mainly due to fewer staff working in the offices because of the pandemic. The same trend is also reflected in the normalized value on turnover, which in 2020 came to around 68.71 m³ of water per million euro, down 7% compared to the 2019 index.

Total water consumption (m³) and normalized water consumption on turnover (m³/M€)



Methodological Note

The objective of Coesia's (hereinafter also the "Group") Sustainability Report (hereinafter also the "Report") is to communicate the Group's values, strategy and performance related to sustainable development and to provide a comprehensive overview of the Company's operations, reporting financial results together with the outcome of Coesia's commitment to environmental and social issues.

Content of the Report

This Report, published annually, relates to the 2020 fiscal year (from January 1st to December 31st) and includes, where available, comparative data referring to 2018 and 2019.

The reporting standards adopted by the Group for drafting of the Report are the GRI Sustainability Reporting Standards (hereinafter "GRI Standards"), published by GRI – Global Reporting Initiative – according to the GRI-Referenced option.

In particular, according to the GRI 101 Standard -Reporting principles - the Report includes the topics that emerged as material from the materiality analysis, which are the issues that can substantively influence the assessments and decisions of stakeholders and that are highly relevant in terms of economic, social and environmental impacts (for further information: Chapter 1, paragraph 1.7 "Materiality Analysis").

Based on the results of the materiality analysis, the Report references the GRI Standards listed in the GRI Content Index.

The following table shows the link between the material topics and the topic-specific GRI Standards that are addressed in this Report and includes the impacts boundary as well as any reporting limitations for each material topic and topic-specific disclosure.

TABLE LINKING MATERIAL TOPICS AND GRI STANDARDS

Area	Material topics	Topic-specific GRI Standards	Topic-specific disclosure	Impacts boundaries		Reporting boundaries
				Internal	External	
Business Ethics	Distribution of value to stakeholders	[Non-GRI disclosure]	Value (€) of donations	Coesia	-	-
	Fighting corruption	GRI 205: Anti-corruption (2016)	GRI 205-3	Coesia	-	-
		GRI 206: Anti-competitive behavior (2016)	GRI 206-1	Coesia	-	-
Human Resources Management	Job creation	GRI 401: Employment (2016)	GRI 401-1-a	Coesia	-	-
	Diversity and equal opportunities	GRI 405: Diversity and equal opportunities (2016)	GRI 405-1	Coesia	-	-
	People learning and development	GRI 404: Training and education (2016)	GRI 404-1 GRI 404-3	Coesia	-	-
	Health, Safety & Security	GRI 403: Occupational health and safety (2018)	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9	Coesia	Contractors	-
	Employee welfare and benefits	[Non-GRI disclosure]	-	Coesia	-	-
Customers and product	Customer centricity	[Non-GRI disclosure]	-	Coesia	-	-
	Sustainable product and portfolio innovation	[Non-GRI disclosure]	No. of patents % of patents related to sustainable innovation	Coesia	-	-
	Product and customer safety	GRI 416: Customers health and safety (2016)	GRI 416-1	Coesia	-	-
Supply chain and human rights	Responsible supply chain	GRI 204: Procurement practices (2016)	GRI 204-1	Coesia	-	-
Environment	Energy and GHG emissions	GRI 302: Energy (2016)	GRI 302-1 GRI 302-3	Coesia	-	-
		GRI 305: Emissions (2016)	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	Coesia	-	-
	Waste management	GRI 306: Effluents and waste (2016)	GRI 306-2	Coesia	-	-

Reporting boundaries

This Report includes the data of the 21 Companies that form part of the Group (ACMA, ATLANTIC ZEISER, CERULEAN, CIMA,

CITUS KALIX, COMAS, EMMECI, FLEXLINK, G.D, GDM, GF, HAPA, IPI, MGS, MOLINS, NORDEN,

R.A JONES, SASIB, SYSTEM CERAMICS, TRITRON, VOLPAK). Any further exceptions to the reporting boundaries are appropriately noted in the document.

Criteria and reporting principles

The following criteria and sources are used in the calculation of some performance indicators included in the Report.

Energy consumption

Coesia's energy consumption (electricity, district heating, natural gas, diesel, petrol, LPG, fuel oil) is reported in Gigajoules (GJ) using the following sources for the conversion factors:

- **electricity and district heating:** "UK Government GHG Conversion Factors for Company Reporting" of the UK Department for Environment, Food & Rural Affairs (DEFRA), for the years 2018, 2019 and 2020;
- **natural gas, diesel, petrol, LPG and fuel oil:** "Tabella parametri standard nazionali" (Table of national standard parameters) published by the Italian Ministry of the Environment and Protection of Land and Sea (MATTM), based on data from the Institute for Environmental Protection and Research (ISPRA) for the years 2018, 2019, and 2020.

Direct Emissions (Scope 1) and Indirect Emissions (Scope 2 and Scope 3)

Emissions were calculated in terms of CO₂ equivalent using the following emission factors.

For the calculation of Scope 1 direct emissions:

- **fuels (natural gas, diesel and fuel oil):** "Tabella parametri standard nazionali" published in 2016 by the Italian Ministry of the Environment and Protection of Land and Sea, based on the data provided by the Institute for Environmental Protection and Research and including the figures proposed by the UNFCCC National Inventory, European Directive 2008/1/ EC "Integrated Pollution Prevention and Control" (IPPC) and "Emission Factors for Greenhouse Gases" published in 2015 by the United States Environmental Protection Agency (EPA) for the 2018 data; "Tabella parametri standard nazionali" published in 2016 by the Italian Ministry of the Environment and Protection of Land and Sea, based on the data provided by the Institute for Environmental Protection and Research (ISPRA) and including the figures proposed by the UNFCCC National Inventory in 2019 for the 2019 data and in 2020 for the 2020 data;
- **fuels (diesel, petrol):** "Tabella parametri standard nazionali" published by the Ministry of the Environment and Protection of the Land and Sea (MATTM), based on the data provided by the Institute for Environmental Protection and Research (ISPRA), including the figures proposed by the UNFCCC National Inventory in 2016 for the 2018 data, in 2019 for 2019 data and in 2020 for the 2020 data;
- **refrigerant gases:** "Climate Change 2013 The Physical Science Basis" published in 2013 by the "Intergovernmental Panel on Climate Change" "IPCC", for the 2018 data; "UK Government GHG Conversion Factors for Company Reporting" by the UK Department for Environment, Food & Rural Affairs (DEFRA) and the "European Regulation_F GAS 517" published in 2019 for data relating to 2019 and in 2020 for the 2020 data.

Indirect emissions (Scope 2) are calculated according to the following sources for the emission factors:

- **'location-based' calculation method:** "IEA Statistic Data Service Emissions Factors" published by the International Energy Agency (IEA) and "E-Grid" published in 2016 by the United States Environmental Protection Agency (EPA) for data relating to 2018; factor reported in the publication "Confronti Internazionali" published by Terna in 2018 for the 2019 data and in 2019 for the 2020 data;
- **market-based calculation method:** the factors used were those published by the "European Residual Mix" which was published by the Association of Issuing Bodies (AIB) in 2016 for the 2018 data; "European Residual Mix" published by the Association of Issuing Bodies (AIB) in 2018 and the "Residual Mix Emission Rate" published by Green-e in 2018 for the 2019 data; "European Residual Mix" published by the Association of Issuing Bodies (AIB) in 2019 and the "Green-e Energy Residual Mix Emission Rate" published by the Center for Resource Solutions in 2020 for the 2020 data.

For countries where the Residual Mix factors were not publicly available from accredited sources at the time the Report was drafted, the same emission factors applied for the location-based approach have been used.

The calculation of Scope 3 indirect emissions includes emissions deriving from:

- domestic and international business trips carried out by company staff by air;
- business trips carried out by company staff with rental vehicles;
- paper consumption in offices.

Both domestic and international flights as well as ground trips by vehicles not owned by company staff, the emission factors used are those contained in the "UK Government GHG Conversion Factors for Company Reporting" published by the UK Department for Environment, Food & Rural Affairs (DEFRA) in 2017 for data relating to the year 2018, in 2019 for 2019 data, and in 2020 for 2020 data. For paper consumption in offices, emissions factors are based on "Key statistics 2016" published by the Confederation of European Paper Industries (CEPI) for 2018 and 2019, and on "Key statistics 2019" for 2020.

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404-3	Percentage of employees receiving regular performance and career development review	44	The Report does not include data relating to the percentage of employees who have received periodic evaluation by professional category.
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: MANAGEMENT APPROACH (2016)			
103-1	Explanation of the material topic and its boundary	32, 33, 96, 97	
103-2	The management approach and its components	21, 36, 37, 38	
103-3	Evaluation of the management approach	21, 36, 37, 38	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)			
405-1	Diversity of governance bodies and employees	21, 39	The Report does not include the percentage of employees by professional category.
CUSTOMER HEALTH AND SAFETY			
GRI 103: MANAGEMENT APPROACH (2016)			
103-1	Explanation of the material topic and its boundary	32, 33, 96, 97	
103-2	The management approach and its components	78, 79	
103-3	Evaluation of the management approach	78, 79	
GRI 416: CUSTOMER HEALTH AND SAFETY (2016)			
416-1	Assessment of health and safety impacts by product and service categories	78, 79	

COESIA MATERIAL TOPICS NOT COVERED BY GRI INDICATORS

GRI STANDARD - Topic - specific disclosure		Page(s)	Omissions
DISTRIBUTION OF VALUE TO STAKEHOLDERS			
GRI 103: MANAGEMENT APPROACH (2016)			
103-1	Explanation of the material topic and its boundary	32, 33, 96, 97	
103-2	The management approach and its components	30	
103-3	Evaluation of the management approach	30	
SPECIFIC DISCLOSURE IDENTIFIED BY COESIA			
-	Value (€) of donations	30	
EMPLOYEE WELFARE AND BENEFITS			
GRI 103: MANAGEMENT APPROACH (2016)			
103-1	Explanation of the material topic and its boundary	32, 33, 96, 97	
103-2	The management approach and its components	50, 51, 52, 53	
103-3	Evaluation of the management approach	50, 51	
CUSTOMER CENTRICITY			
GRI 103: MANAGEMENT APPROACH (2016)			
103-1	Explanation of the material topic and its boundary	32, 33, 96, 97	
103-2	The management approach and its components	14, 16, 17, 18, 74	
103-3	Evaluation of the management approach	14, 16, 17, 18, 74	
SUSTAINABLE PRODUCT AND PORTFOLIO INNOVATION			
GRI 103: MANAGEMENT APPROACH (2016)			
103-1	Explanation of the material topic and its boundary	32, 33, 96, 97	
103-2	The management approach and its components	64, 65, 66, 67, 68, 69, 70, 71, 72, 73	
103-3	Evaluation of the management approach	64, 65, 66, 67, 68, 69, 70, 71, 72, 73	
SPECIFIC DISCLOSURE IDENTIFIED BY COESIA			
-	% of patents related to sustainable innovation	66, 67	

Special thanks to all Coesia associates who contributed to the drafting of the Sustainability Report 2020.

All information and data have been centrally collected, managed and integrated.

In line with our internal policy on environmental sustainability, this document will only be available in digital format.

Printed copies can be provided on request.

As part of our continuous efforts to improve our commitment to sustainability, any feedback from readers is extremely welcome.

For comments and information:
communication@coesia.com

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COESIA S.p.A.
Via Battindarno, 91
40133 Bologna - Italy

www.coesia.com





www.coesia.com

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