

# SUSTAINABILITY REPORT 2021



# Governance Letter

We have produced our first Sustainability Report for the year 2021 and are pleased to present it as our additional calling card. We are proud to share it with our employees, our customers, the local community and anyone else who has an interest in our business. This document demonstrates a commitment to sustainability issues that we have fully embraced in our vision and mission, and from which we cannot and will not shy away.

Founded and based on a solid family history and tradition, our company is deeply rooted in the Casentino region, where almost all our employees come from. Over the years, it has opened up to the world. Today, it faces a global market, from Eastern Europe to Asia, from Africa to South America, in an increasingly competitive environment.

The purpose of this document is to show how our business creates shared value, bringing benefits and positive impacts to the economic system, while respecting the environment and laying the foundations for improving social aspects, both locally and throughout the supply chain.

Despite the fact that current regulations do not require our company to produce a Sustainability Report, we wanted to make public our commitment to pursuing the goals set out in the 2030 Agenda, going beyond the mere assessment of results from an economic-financial point of view and taking on the challenge of evaluating our company according to ESG (Environmental, Social, Governance) parameters.

In fact, the document was drafted in accordance with internationally recognised standards, and the way in which it has been prepared has enabled us to benchmark ourselves against best practice in governance and sustainability management. We are aware that we have embarked on a journey that is, and will continue to be, a long one. At the moment we can consider it an ongoing work, and although it is constantly changing and growing, it has already begun to permeate all areas of the business.

This first Sustainability Report marks the beginning of a journey that will not end in the immediate future, but will set the direction for our future. In fact, we are structuring ourselves to face the new stages of this journey, which will lead us to be a better, more dynamic, more modern company, fully sustainable in the medium to long term. It is a journey we want to take with each of you, listening to your interests, seeking your advice and suggestions in a dialogue that creates shared value.

We will do our best and thank you in advance for your support and cooperation.

The Sole Administrator



CEG  
Elettronica Industriale SpA

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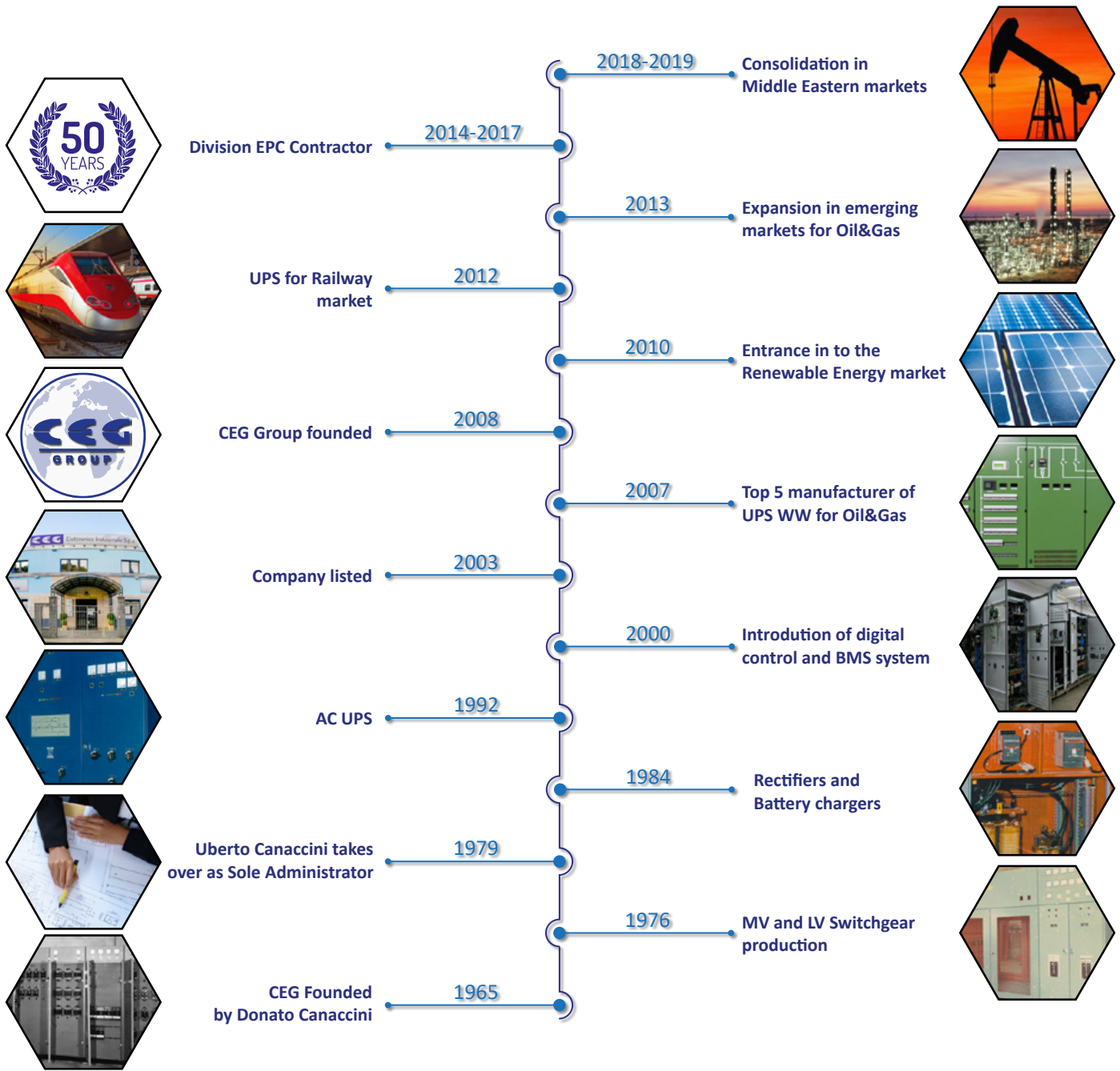
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# Introduction



# 1.1 | The history of CEG

**CEG Elettronica Industriale S.p.A.**, based in Bibbiena (Arezzo), is an electronic and electromechanical company that specialises in the study, design and manufacture of power electronic equipment, electromechanical systems and customised devices.



The company was founded in 1965 as a manufacturer of medium and low voltage electrical panels, first on a small scale and then on an industrial scale. In 1984, the first DC power station was installed, an achievement that enabled CEG to offer itself as a supplier of rectifiers for battery chargers for industrial use, thus diversifying its range of products.

In 1992, the company took another quantum leap by designing and manufacturing a new range of uninterruptible power supplies and inverters within two years, completing the technological renewal and standardisation of traditional battery charger rectifiers.

In 2008, Uberto Canaccini took a further step forward in CEG's market strategy by creating **CEG GROUP**, with the aim of increasing its presence and contractual strength in a market that has become global, with a presence in Italy and abroad.

In recent years, the company has significantly increased its business volume, gaining market shares in Italy and abroad, which are becoming more and more significant, despite a general economic recession.

CEG's exponential growth has been a natural consequence of the wide range of products it offers, which are designed and built to meet the needs of its customers, backed up by the timely supply of technical documentation and a prompt and efficient after-sales service, ready to intervene in any part of the world.

CEG's growing presence in the market has enabled it to become a preferred supplier to the most important Italian and international engineering and production companies in the energy sector.

CEG GROUP currently designs, manufactures, installs, maintains and monitors the operation of the following **systems and services**:

- Battery Charger Rectifiers
- U.P.S. Uninterruptible Power supply Systems
- Inverters, Frequency Converters
- Special systems for Electronic Engineering
- Specific systems for Power Plants
- Gas pumping and storage plants
- OFFSHORE platforms
- Industrial Battery Dischargers

In particular, CEG Group develops the following sectors:

» **Power Electronic Division**

This represents the driving and central sector of the company for which it boasts many years of experience.

CEG designs and manufactures power electronic equipment such as UPS, inverters, rectifiers, frequency converters, electrical panels, etc., based on the Customer's specific requirements.

### » **Railway Division**

CEG designs and implements solutions for the conversion and control of electrical energy in the railway sector, providing both dedicated products and engineering activities.

This is a booming sector, not only in Italy (e.g. for high-speed lines) for new infrastructure and the renovation of existing ones, but also in the Eastern and Middle Eastern markets, in all sub-sectors, both high-speed and underground lines. In particular, this division deals with:

- Equipment for railway signalling systems
- Equipment for medium voltage systems
- Equipment for low voltage systems
- Equipment for power supply systems
- Equipment for electric traction
- Equipment for electricity substations (SSE)
- Engineering
- Revamping
- Fire prevention equipment

### » **Energy Division:**

A very sensitive sector, given the strategic importance it has and will continue to have in the national and international markets.

In this field, CEG is involved in the design and production of electricity from renewable sources (photovoltaic, wind, etc.), offering various types of products as well as turnkey solutions.

### » **Transformer Division**

It is a growing sector with high added value, subsidiary to all the other sectors and of strategic technological importance. CEG is involved in the design, construction and testing of air, oil and resin transformers.

These transformers, manufactured in compliance with the various industry standards, can be used in various fields such as Rail, Oil & Gas, Photovoltaics, Transformer Substations, etc..

### » **Engineering & Construction Division**

CEG designs and builds industrial and process plants in various sectors: steel, civil engineering, waste treatment, etc.

The solutions are designed in strong synergy with and alongside the customer, according to their specific needs and specifications, in order to achieve maximum efficiency and functionality.

### » **After-sales**

Thanks to its technicians and maintenance managers in industrial plants, CEG offers a continuous 24-hour on-call service throughout the country and within 72 hours for countries and outside Europe.

Today, CEG GROUP offers a wide range of products and is able to provide turnkey plants and industrial solutions in the steel, construction, ecology, waste treatment and renewable energy sectors.

## Approach to sustainability

CEG Group has matured and developed a **growth strategy that integrates sustainability policies** into its business plan, with the aim of pursuing and ensuring the sustainable success of its activities, in the medium to long term, creating shared value and taking into account the interests of its main stakeholders and generating positive impacts on its people, the environment and society, with particular attention to the economic, environmental and social aspects.

With this vision, CEG has developed a business management model based on the adoption and implementation of an **Integrated Environment, Health, Safety and Quality (EHSQ) Management System**.

In order to ensure systematic, transparent and shared management. This has enabled CEG to significantly raise awareness of the need to respect the environment and to implement proactive behaviour in the areas of social responsibility and occupational health and safety on a daily basis.

The implementation of an Integrated Management System, in compliance with the UNI EN ISO 9001, UNI ISO/TS 22163, IRIS, UNI EN ISO 14001 and UNI ISO 45001 standards, guarantees the fulfilment of requirements in terms of product Quality and Safety, Occupational safety, Environmental protection and stakeholder satisfaction, and guides the management and the entire organisation towards continuous performance improvement.

CEG's activities are therefore carried out in full compliance with current legislation on both health and safety at work and environmental protection.

This Integrated Management System has been developed because the supervisory body considers it essential to carry out a number of tasks, including:

- ensuring products and services comply with the pre-established quality and technical safety requirements;
- satisfying customers and all stakeholders to whom constant attention is paid;
- protecting the environment and prevent pollution and accidents at work;
- monitoring their environmental performance;
- monitoring their performance in terms of health and safety in the workplace;
- reducing the environmental impact of activities and optimise the use of resources;
- consulting and involving workers in the decision-making process;
- maintaining an adequate reputation in the market by promoting ethical and correct behaviour;
- ensuring the organisational development of CEG in terms of managerial and operational flexibility and the individual accountability of employees.

CEG's commitment to the adoption and integration of sustainability policies is expressed in an annual plan that describes the priorities to be addressed, **the objectives and targets set, supported by a set of indicators that make them measurable and verifiable**, according to a structural framework that links the needs of customers, stakeholders and employees, as well as compliance with mandatory requirements, to the organisation's objectives.

To this end, CEG uses a methodological approach that focuses on the systematic collection of data and their timely analysis to monitor results and promote the successful achievement of set objectives.

The Integrated Management System itself is subject to periodic **audits** to verify its operation and effectiveness for efficient implementation.



## Sustainability governance

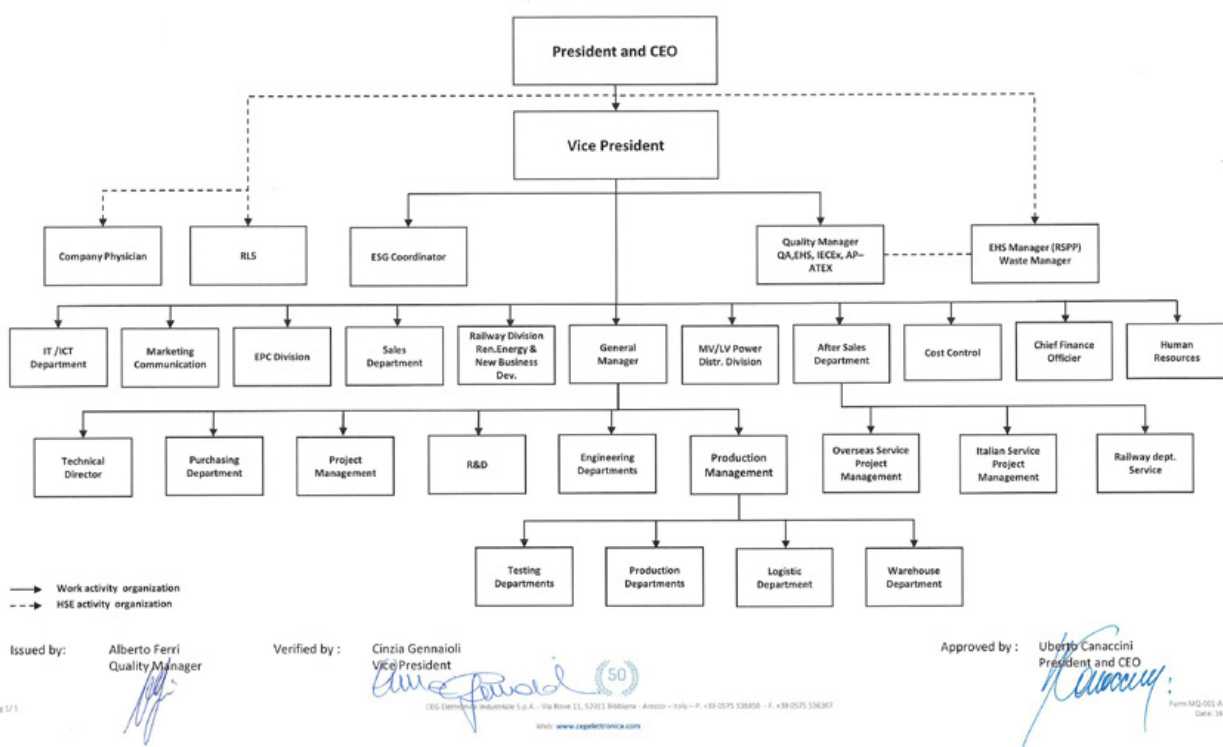
CEG operates in a supply chain particularly committed to issues related to sustainability. For this reason, and also thanks to the encouragement of its main customers, the company has acquired the awareness of being part of a system that must positively express its role in protecting environmental and social sustainability.

Indeed, the main players in the sector and large customers, committed to explaining to their investors and the market how they intend to operate in order to achieve Carbon Neutrality, have initiated and implemented a significant monitoring and involvement of their “supply chain”, involving the related value chain (of which the CEG Group is an integral part), which as such is called upon to play an active role, also and above all in relation to its suppliers.

For the CEG Group, sustainability has therefore taken on a significance that is expressed not only at the operational level but also at the strategic level, and is closely related to the governance of the company. In particular:

- institutional and organisational **roles, responsibilities** and planning and control **mechanisms** have been identified to support sustainable business management;
- a **sustainability strategy** has been defined, which - in line with the impact achieved - also includes the supply chain;
- a policy for monitoring and **assessing risks** potentially related to the relationship between business and the environment and their impact on strategies (with particular reference to those of a “*climate-related*” nature) has been implemented, involving the various levels of control within the company.

At organisational level, a **Sustainability function was therefore set up, working alongside a Management Committee** with cross-functional competencies, consisting of company representatives from quality systems, production planning, logistics, finance and administration and human resources management.



## 1.4 | Ethics and compliance

CEG has adopted an economically and **ethically responsible industrial and commercial approach** to create value and sustainable growth but also to implement good environmental and social practices at company level, supporting a business culture aware of its impact.

For this reason, the company has adopted a **Code of Ethics**, which sets out the principles of business ethics that must (at all times) characterise the company's management and operational processes.

The Code contains the rules of conduct aimed at preventing all conduct contrary to the Company's values.

It is, in all respects, the charter of moral rights and duties that defines the ethical and social responsibilities of each participant in the business organisation.

In particular, the Sole Director and senior managers of the Company must comply with it when setting company objectives, proposing investments and carrying out business development projects.

The company's general ethical principles include:

- legality
- impartiality
- honesty, loyalty and transparency
- fairness of authority
- protection of the person
- confidentiality
- free competition

There are also codes of conduct relating to specific areas such as quality, safety and reliability of products and services, employee value and environmental protection.

In addition to drawing up the Code of Ethics, CEG has decided to take other important steps to protect itself from possible ethical problems in the supply chain of which it is a part, such as:

### » **Anti-Corruption Policy**

CEG has adopted an Anti-Corruption Policy aimed at strengthening the prevention of and fight against corruption in all areas of the organisation.

One of the objectives of this policy is to ensure that all employees and, where appropriate, the parties with whom they have an employment relationship, are aware of and comply with applicable laws and regulations relating to bribery and other forms of corruption.

This Policy applies to CEG's marketing activities and industrial operations controlled by CEG, to all permanent and temporary employees, directors, managers and contractors (where they are subject to a relevant contractual obligation) and, to the extent provided in this Policy, to all "persons associated" with CEG and their employees.

Its implementation is continuously monitored by the Corporate Ethics Committee, which is made up of Senior Management.

» **Conflict Minerals Policy**

This is a policy outlining the company's position on raw materials and components containing minerals from geographical areas referred to as "Conflict Regions".

It is discussed in more detail in the section "*Respect for Human Rights*".

» **ESG Policy**

CEG's ESG Policy, inspired by the Sustainable Development Goals established by the UN within the 2030 Agenda, defines the commitments, objectives and strategies to manage ESG (Environmental, Social and Governance) issues and improve its results in terms of sustainability.

The Policy sets out the fundamental principles that inspire CEG, including:

- Creating value for the company and the territory
- Quality of products and services
- Employee value
- Protection and safety of employees
- Respect for human rights
- Environmental protection and efficient use of resources
- Responsible Sourcing
- Synergy with local communities

## Stakeholders and engagement

CEG's activities and the ways in which they are carried out are of interest to different groups of **stakeholders**.

CEG works together with its stakeholders, promoting a **continuous dialogue** to outline its priorities and define the actions to be taken to achieve them.

This dialogue allows establishing strong and lasting relationships and responding adequately to external expectations both in terms of quality and efficiency of its products and services, and in terms of economic, social and environmental sustainability.

Understanding stakeholder expectations starts with the stakeholder **identification process**. The mapping of stakeholders in relation to CEG has been structured taking into account three fundamental principles: legitimacy, power and urgency.

The table below shows the main stakeholders identified, their expectations and the methods of engagement:

Stakeholders	Expectations	Engagement Mode
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Product quality, safety and competitiveness</li> <li>• Reliability</li> <li>• Continuous supply</li> <li>• Availability</li> <li>• Social and environmental sustainability</li> <li>• Transparency of the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of questionnaires promoted by customers</li> <li>• Participation in trade fairs and dedicated events promoted by customers</li> <li>• Dedicated meetings</li> <li>• Handling of complaints</li> <li>• Communication via websites</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Fairness, transparency and continuity of contractual agreements</li> <li>• Communication of the business strategy</li> <li>• Value creation and distribution</li> <li>• Protection of occupational health and safety rights</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Territorial initiatives</li> <li>• Involvement in governance</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Fairness, transparency and continuity of contractual agreements</li> <li>• Communication of the business strategy</li> <li>• Value creation and distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Involvement and monitoring of compliance with environmental and labour standards</li> <li>• Dedicated meetings</li> <li>• Development of long-lasting partnerships</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Value creation and distribution</li> <li>• Social, environmental and economic sustainability</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Communication of results and possible future risks</li> <li>• Sharing of goals</li> <li>• Participation in the meetings of the trade unions</li> </ul>



<b>Stakeholders</b>	<b>Expectations</b>	<b>Engagement Mode</b>
<b>Banks and investors</b>	<ul style="list-style-type: none"> <li>• Value creation and distribution</li> <li>• Social, environmental and economic sustainability</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Communication of results and possible future risks</li> <li>• Completion of questionnaires related to sustainability issues</li> </ul>
<b>Legal authorities and local institutions</b>	<ul style="list-style-type: none"> <li>• Collaboration</li> <li>• Transparency</li> <li>• Compliance with legislation and regulations</li> <li>• Participation in spatial planning</li> <li>• Protection of territorial heritage</li> <li>• Value creation and distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated meetings, round tables discussions and conferences</li> <li>• Opportunity to visit the facilities</li> <li>• Transmission of opinions and documents</li> <li>• Participation in surveys and questionnaires</li> </ul>
<b>General public and local communities</b>	<ul style="list-style-type: none"> <li>• Value creation and distribution</li> <li>• Protection of territorial heritage</li> <li>• Dialogue</li> <li>• Development of infrastructures and activities</li> <li>• Use of territorial resources</li> <li>• Transparency</li> <li>• Compliance with legislation and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of activities dedicated to the economic and cultural development of the territory</li> <li>• Promotion of events in the territory</li> <li>• Meetings with local communities and associations</li> <li>• Transmission of documents</li> </ul>
<b>Trade unions</b>	<ul style="list-style-type: none"> <li>• Collaboration</li> <li>• Compliance with legislation and regulations</li> <li>• Value creation and distribution</li> <li>• Protection of the rights of employees</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated meetings, round tables discussions and conferences</li> <li>• Opportunity to visit the facilities</li> <li>• Transmission of opinions and documents</li> </ul>

## 1.6 | Materiality assessment

The materiality assessment allows CEG to identify the **issues** that it considers to be **priorities** in its development strategy, also with a view to identifying areas for improvement.

The result of this assessment then supports the definition of future development objectives and topics for the preparation of the Sustainability Report.

The identification of the material issues was carried out through a process that included:

- meetings with senior management
- consultations and discussions with employees
- analysis of key customer requirements
- analysis of sustainability expectations of key identified stakeholders
- consultation with academic collaborators of the Center4SharedValue
- analysis of the material issues identified by CEG's main competitors

Based on this assessment, the following material issues were identified:

### » **PROTECTION OF BIODIVERSITY**

Protecting biodiversity is essential because it is a fundamental part of natural capital: for this reason, CEG actively engages its suppliers in actions to enhance and protect biodiversity, with the aim of minimising its impact on biodiversity and maintaining the natural balance.

### » **DEVELOPMENT PROGRAM (S) FOR THE TERRITORY**

CEG is aware of its impact on the economic and social development of the reference area and on the general well-being of the community, and operates with respect for local and national communities, supporting initiatives of cultural and social value and seeking to improve its reputation and legitimacy.

The company supports local development in many ways, working with both public institutions and private bodies such as amateur sports clubs.

### » **PROTECTION OF WATER RESOURCES**

The protection and rational use of surface water and groundwater are key objectives for sustainable development.

For this reason, CEG is committed to managing this important issue in the best possible way by involving its suppliers in the definition of objectives and targets for the quantity of water resources used and the quality of water discharged into the environment.

## » **TRANSITION TO A CIRCULAR ECONOMY**

CEG is committed to promoting the efficient use of resources and is engaged in R&D activities to develop systems that favour the continuous reuse of its products with a view to a circular economy. In fact, from the design phase of its products, CEG favours the adoption of a logic attentive to the reduction of waste production.

## » **DIVERSITY & INCLUSION**

CEG aims to ensure a positive, constructive and dynamic working environment that supports the possible heterogeneity of individuals and their talents, opinions and views, and guarantees equal opportunities for all. Diversity and inclusion are among the company's fundamental objectives because they generate a wealth of contributions and ideas that can strengthen decision-making, efficiency and collaboration.

## » **RESPECT FOR HUMAN RIGHTS**

CEG condemns all forms of discrimination and promotes respect and dignity for people. The company is also committed to disseminating good practices in terms of respect for human rights among its main suppliers and therefore undertakes to verify their suitability in this respect and promote their training, in cases where there is a lack of appropriate awareness.

## » **ANTI-CORRUPTION PRACTICES**

CEG's activities are based on absolute compliance with laws and regulations in order to guarantee the highest ethical and professional standards. For this reason, the Company has adopted a Code of Ethics, which sets out the rules of conduct aimed at preventing any behaviour contrary to the Company's values, and an Anti-Corruption Policy aimed at strengthening the prevention of and fight against corruption in all areas of the organisation, ensuring that all employees and, where appropriate, the parties with whom they have an employment relationship, are aware of and comply with the applicable laws and regulations relating to bribery and other forms of corruption.

## » **SUSTAINABLE SUPPLY CHAIN MANAGEMENT**

CEG pays close attention to its supply chain with a view to selecting suppliers who adhere to a code of conduct equivalent to its own, considering this aspect to be essential for establishing or maintaining business relations. To this end, each supplier, business partner or external collaborator is selected on the basis of their sensitivity to social and environmental issues and is informed of the existence of the Code of Ethics. Suppliers are therefore required to adhere to the principles of CEG's Code of Ethics.

## » **PROMOTING ENERGY EFFICIENCY; REDUCING EMISSIONS**

CEG promotes the reduction of greenhouse gas emissions and energy efficiency throughout the production chain of which it is a part. For this reason, it supports the use of renewable energy sources, is committed to assessing and controlling its environmental impact through continuous monitoring, and encourages suppliers to improve their environmental performance, helping them to achieve improvements wherever possible.

## » **WASTE MANAGEMENT**

CEG is committed to constantly reducing and monitoring the amount of waste generated in the course of its activities and to adopting sustainable management methods that minimise the risk of pollution in all environmental matrices (air, water, soil...).

## » **INTEGRATING SUSTAINABILITY INTO GOVERNANCE, STRATEGY AND RISK ANALYSIS**

Top management now considers it essential to integrate economic, social and corporate sustainability issues into the process of defining the company's development plan. For this reason, the company has established an ESG policy inspired by the Sustainable Development Goals established by the UN within the 2030 Agenda, which defines the commitments, objectives and strategies to manage ESG (Environmental, Social and Governance) issues and improve its results in terms of sustainability.

## » **ENHANCEMENT OF HUMAN CAPITAL**

People are CEG's greatest asset and are always at the heart of the company's actions. For this reason, it is committed to involving them in the development of their skills and competencies by regularly promoting training and information activities at all levels of the organisation: investing in the development of internal skills enhances the entire company.

## » **OCCUPATIONAL HEALTH AND SAFETY OF EMPLOYEES AND COLLABORATORS**

Attention to worker health and safety issues is a fundamental aspect of human resource management: the company is therefore committed to ensuring a working environment that complies with applicable health and safety regulations and to promoting responsible behaviour (including in the supply chain) to safeguard the health and safety of all employees and collaborators, inspired by best practice at national and international levels.

## » **SAFETY AND CONTINUITY OF THE SERVICE PROVIDED TO THE CUSTOMER**

CEG's success depends on the trust and satisfaction of its customers. The company is therefore committed to providing products that offer them added value and guarantee their trust, thanks to the quality, reliability and safety that are at the heart of its corporate culture. CEG constantly strives to satisfy its current and potential customers, their needs and expectations, with the aim of always offering competitive services and products in its field of activity, with the guarantee of maximum professionalism, flexibility and high-quality standards.

## » **CREATION OF ECONOMIC VALUE**

This last point is the fundamental objective of CEG's strategy, which aims to ensure that the economic/financial services it provides are aimed at maintaining and increasing the value of the company, so as to adequately remunerate the risk assumed by the shareholders and generate added value that is distributed through the creation of jobs, investment in the territory and spillover for local institutions.



The material issues were then placed in the following materiality matrix based on the results of the aforementioned desk analysis and the importance attached to them in determining the future development strategy of the CEG Group.

<b>7</b>	● DEVELOPMENT PROGRAM (S) FOR THE TERRITORY	● PROTECTION OF WATER RESOURCES	● PROTECTION OF BIODIVERSITY
<b>7.5</b>	● TRANSITION TO A CIRCULAR ECONOMY		● DIVERSITY & INCLUSION
<b>8</b>	● RESPECT FOR HUMAN RIGHTS	● ANTI-CORRUPTION PRACTICES	
<b>8.5</b>	● SUSTAINABLE SUPPLY CHAIN MANAGEMENT	● PROMOTING ENERGY EFFICIENCY	● REDUCTION OF EMISSIONS
<b>9</b>	● WASTE MANAGEMENT	● INTEGRATING SUSTAINABILITY INTO GOVERNANCE, STRATEGY AND RISK ANALYSIS	● ENHANCEMENT OF HUMAN CAPITAL
<b>9.5</b>	● OCCUPATIONAL HEALTH AND SAFETY OF EMPLOYEES AND COLLABORATORS		● SAFETY AND CONTINUITY OF THE SERVICE PROVIDED TO THE CUSTOMER
<b>10</b>	● CREATION OF ECONOMIC VALUE		

## CEG and the UN Sustainable Development Goals

Attention to the need to achieve sustainable development from an economic, social and environmental perspective has materialised at international level with the definition of the **2030 Agenda for Sustainable Development**.




This Agenda was signed in September 2015 by 193 countries, including Italy, and aims to put the world on a more sustainable path by defining 17 Sustainable Development Goals (SDGs) to be achieved by 2030.

The goals are divided into 169 targets and more than 240 indicators: their particularly ambitious nature calls for a joint effort by all the world's economic players, not just governments and institutions, but also companies that have the opportunity to positively influence the environment in which they operate.

In recent years, CEG has become aware of the need to ensure the economic, social and environmental sustainability of its business and to address the Sustainable Development Goals in order to ensure the long-term resilience of its business.

In particular, an in-depth analysis of the SDGs was carried out, comparing them with the material issues selected in the materiality assessment, in order to understand which are the ones to which CEG is contributing and will be able to contribute more in the future.

Following the identification of the 16 material issues present in the materiality assessment, the SDGs included in the following connecting table were therefore identified:

SDGs	Description	Material issue
	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	<b>ENHANCEMENT OF HUMAN CAPITAL</b>
	5.1 End all forms of discrimination against all women and girls everywhere 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	<b>DIVERSITY &amp; INCLUSION</b>
	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	<b>PROTECTION OF WATER RESOURCES</b>

SDGs	Description	Material issue
	<p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries</p> <p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p> <p>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p> <p>8.8 Protect labour rights and promote a safe and secure working environment for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<p><b>CREATION OF ECONOMIC VALUE</b></p> <p><b>OCCUPATIONAL HEALTH AND SAFETY OF EMPLOYEES AND COLLABORATORS</b></p> <p><b>RESPECT FOR HUMAN RIGHTS</b></p>
	<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	<p><b>CREATION OF ECONOMIC VALUE</b></p> <p><b>TRANSITION TO A CIRCULAR ECONOMY</b></p>
	<p>12.2 By 2030, achieve sustainable management and efficient use of natural resources</p> <p>12.4 By 2030, achieve environmentally sound management of chemicals and all waste throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release into air, water and soil, in order to minimise their adverse effects on human health and the environment</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle</p>	<p><b>SAFETY AND CONTINUITY OF THE SERVICE PROVIDED TO THE CUSTOMER</b></p> <p><b>TRANSITION TO A CIRCULAR ECONOMY</b></p> <p><b>SUSTAINABLE SUPPLY CHAIN MANAGEMENT</b></p> <p><b>REDUCTION OF EMISSIONS</b></p> <p><b>WASTE MANAGEMENT</b></p>

SDGs	Descrizione	Tema materiale
	<p>13.2 Integrate climate change measures into national policies, strategies and plans</p>	<p><b>PROMOTING ENERGY EFFICIENCY</b></p> <p><b>PROTECTION OF BIODIVERSITY</b></p>
	<p>15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land-degradation neutral world</p> <p>15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt biodiversity loss and, by 2030, protect and prevent the extinction of threatened species</p>	<p><b>PROTECTION OF BIODIVERSITY</b></p>
	<p>16.5 Substantially reduce corruption and bribery in all their forms</p>	<p><b>ANTI-CORRUPTION PRACTICES</b></p>
	<p>17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries</p> <p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<p><b>DEVELOPMENT PROGRAM (S) FOR THE TERRITORY</b></p>



## Risk analysis and management

The ability to identify, assess and manage risks from an integrated perspective is one of the key elements of competitiveness and long-term sustainability.

In fact, risk is a fundamental part of doing business.

The risk analysis carried out by CEG Group aims to identify potential and actual risks according to a consistent, cross-cutting logic, taking into account the internal and external context: to this end, CEG has identified and mapped the operational areas most exposed to risk, with a view to adopting appropriate **risk management** tools.

These tools are intended in particular for the following purposes:

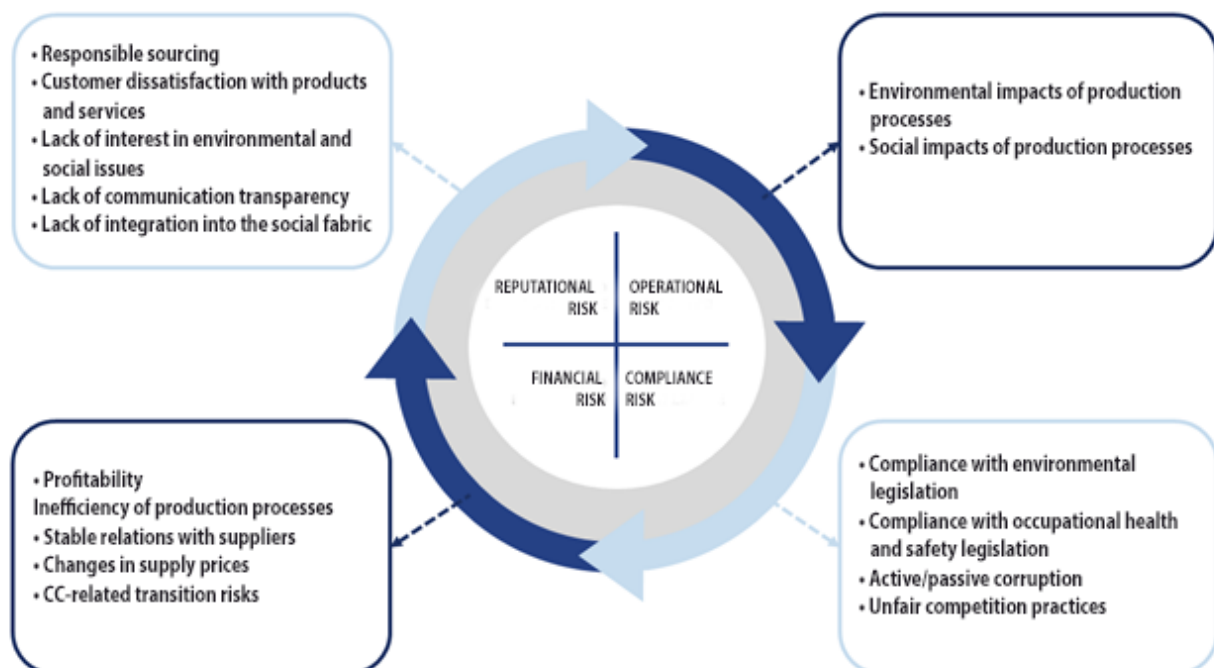
- disseminate the culture of risk prevention and mitigation among management and company employees;
- integrate the definition of risk appetite into the strategic planning process;
- contribute to the achievement of objectives by identifying risks, assessing them, defining priorities for intervention and mitigation, and prioritising and implementing appropriate responses;
- ensure transparency with regard to the risk profile adopted and on the management strategies implemented.

The risk analysis and identification process were carried out in four main phases:

*Observation, Analysis, Assessment and Mitigation.*

Internationally recognised documents such as **Global Risks 2022 - World Economic Forum** and internal management and process documents were consulted for a more detailed view of the external context, such as the market, legislation, competition and socio-political situation, and the internal context, such as the company's organisation and processes.

The result of the analysis is represented by the following matrix that identifies the risks, classifying them into four macro-areas: *Reputational, Operational, Financial and Compliance.*



**Reputational risks** arise from possible negative perceptions of CEG by key stakeholders such as employees, customers, the community and supervisory authorities, and shareholders.

In relation to this, the company has implemented measures such as.

In riferimento ad essi l'azienda ha implementato azioni come:

- arrangement of a 24-hour telephone support service and a Global Service Team for routine or extraordinary maintenance, in Italy and worldwide;
- definition of a questionnaire for the assessment of the social and environmental sustainability of suppliers;
- preparation of ESG initiatives such as the drafting of the first Sustainability Report;
- definition of territorial development initiatives to strengthen the link with the territory to which they belong.

**Financial risks** relate to the company's liquidity and in the case of CEG are mainly affected by the variability of supplies (both materials and services), both in terms of price and immediate availability of components.

In the current scenario, the company is exposed to the risk of delivery delays and the unpredictable dynamics of price increases that characterise the global supply chain, particularly for electrical/electronic components. The Company addresses these risks through continuous preparatory and functional analysis to identify and classify them, and to prepare tools to mitigate them, such as a prudent purchasing policy. All this is in line with the company's policy of maximum caution and maintaining business continuity.

The risk of changes in cash flows due to fluctuations in the market prices of raw materials (electrical/electronic components and energy supplies) is therefore one of the main sources of uncertainty in the current scenario. The mitigation of this risk factor is linked to the possibility of entering into contracts/sales agreements with clauses that limit the risks associated with the development of the cost of raw materials and supplies in general.

Among the financial risks, we also mention the transition risks linked to the dynamics of climate change: the organisation's activities will certainly be affected by the necessary transition to a low-carbon economy and by physical risks, both acute, linked to the increase in extreme weather phenomena such as droughts or floods, and chronic, linked to medium- and long-term changes in environmental models.

With regard to the **operational risks** related to the performance of its production processes, CEG is exposed to possible negative impacts both from an environmental point of view (pollution of the air, soil or water resources) and from a social point of view (accidents at work). With this in mind, the company constantly monitors its performance thanks to the Integrated Environment, Health, Safety and Quality Management System (EHSQ): it guarantees the fulfilment of requirements relating to the quality and safety of its products, safety at work, protection of the environment and the satisfaction of its stakeholders, and guides the organisation towards continuous performance improvement.

At the same time, CEG carefully evaluates possible regulatory changes, both in Italy and abroad, that may have an impact on production and sales. These risks related to changes in regulations are closely monitored and mitigated through careful supervision.

The Integrated Management System also ensures that activities are carried out in accordance with current legislation in the areas of health and safety at work and the environment, and protects the company from **compliance risks**.


The latter also include risks related to active and passive corruption, for which CEG has defined an anti-corruption policy (previously analysed), and unfair competition practices, to which a section of the Code of Ethics is dedicated.



# 2

## **Economic-financial and infrastructural capital**





Sustainability and the creation of economic value are closely linked concepts: the implementation of social and environmental sustainability initiatives cannot be separated from the proper economic and financial management of the company, which must guarantee sustainable development prospects and growth opportunities.

Improving the **Economic-Financial** capital is therefore fundamental and is crucial both for the company and for the context in which it operates, to whose economic growth it contributes both directly and indirectly.

Distributed wealth is commonly measured in terms of Added Value Produced and Distributed to key stakeholders.

In the same way, given the nature of the activities carried out by CEG, it is essential to ensure the proper management of the **infrastructure** capital: the company carries out activities of an industrial nature, so the management and improvement of equipment, facilities and warehouses contribute to the achievement of excellent economic performance and facilitate the achievement of positive results from a social and environmental point of view.



## The CEG MODEL

In 2008, CEG Elettronica Industriale became **CEG GROUP**.

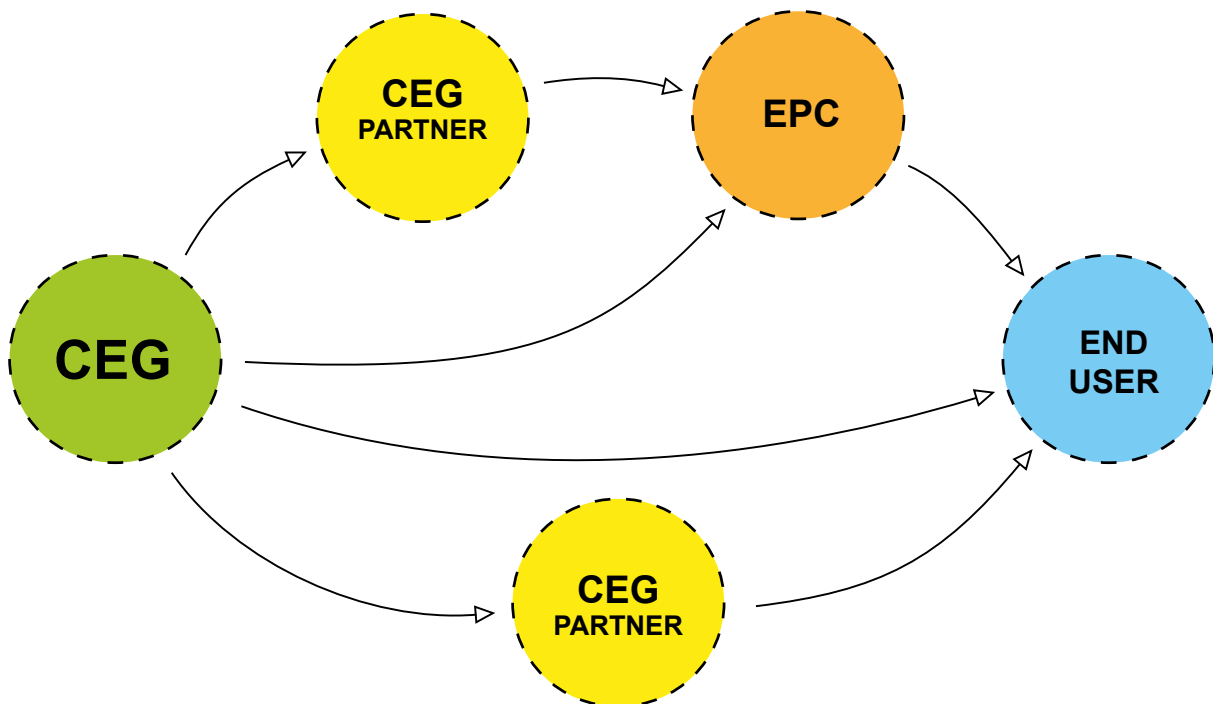
CEG GROUP is the result of a new market strategy adopted by CEG to increase its presence and contractual strength in the global market.

The Group's **business model** is structured as shown in the figure below. The main objective of the CEG Group is the satisfaction of the end user.

Within the group, the company CEG's partners collaborate synergistically to address:

- **Engineering Procurement and Construction companies (EPC);**
- **End Users**, i.e. operators and owners of infrastructures operating in the markets of interest to the company itself.

The company is constantly striving to **diversify** the products it offers in order to provide EPCs and End Users with the most complete package possible.



## Structure and processes

CEG's **facilities** are divided into several plants located in the Arezzo area:

### HEADQUARTERS - TESTING DEPARTMENT

( 5325 m<sup>2</sup> )



### PRODUCTION AND TEST AREA

( 6100 m<sup>2</sup> )



**PCB DEPARTMENT**

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( 500 m<sup>2</sup> )



**WAREHOUSE**

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( 3214 m<sup>2</sup> )



**FINISHED PRODUCT STORAGE**

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( 2000 m<sup>2</sup> )



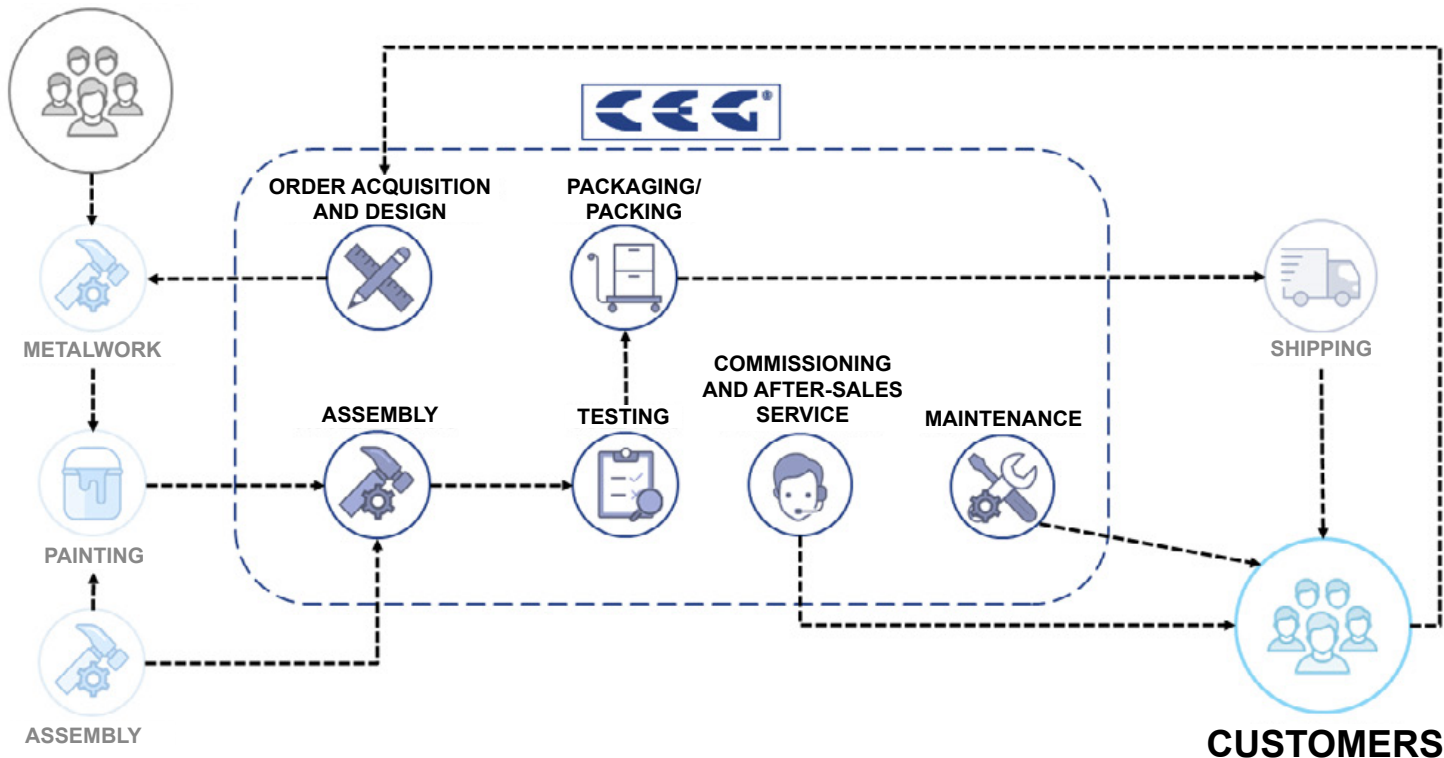


CEG's plants host multiple activities.

The **core-group** includes mainly the following steps:

- order acquisition and design
- assembly
- commissioning
- packaging
- after-sales service.

## SUPPLIERS



Throughout the order **acquisition and design** phase, CEG is in constant communication with its customers and is committed to delivering a bespoke product that is as customised as possible.

**Assembly** takes place in the Arezzo plants, both in the company's headquarters and in the plants of partners with whom the Group collaborates.

After receiving the necessary material and documentation, the assembly department completes the various processes following the requirements of the manufacturing control plan associated with the product.

The **commissioning**, carried out by means of routine tests, ensures that the products marketed meet the quality criteria that distinguish the CEG brand.

At the end of this phase, CEG undertakes to send each customer a document containing the Declaration of Conformity and the operating manual with safety warnings.

If required, commissioning can be carried out in the presence of the customer.

After commissioning, the systems are completed and the product is packed and shipped (**packaging and shipping phase**). Before proceeding with the shipment, the customer may request a packaging inspection.

Last but not least, the quality policy of the CEG Group also includes key activities such as **after-sales service** and **start-up**. In fact, the company guarantees routine and extraordinary maintenance interventions in Italy and all over the world, and provides its customers with a 24/7 telephone support service for the immediate identification and possible resolution of any malfunctions.

As complete customer satisfaction is the driving force behind the CEG Group, the company also offers additional services to guarantee support for its products. The latter is indeed an issue that is considered fundamental and strategic to maintaining a good reputation in the market.

Thanks to the Global Service Team, CEG can guarantee **routine or extraordinary maintenance** interventions in Italy and worldwide: the assistance is provided by qualified internal personnel with many years of experience and offers scheduled maintenance solutions tailored to the customer's needs.

CEG also offers **training** opportunities, with sessions based on theoretical and practical preparations. Training courses can be held either at CEG's premises or directly at the customer's premises or at the plant where the systems are installed.

## Quality and certifications

CEG's success depends on the trust and satisfaction of its customers. The company is therefore committed to providing products that add value and to maintaining customer trust in its products through **quality, reliability** and **safety**, which are key elements of the company's culture.

The company strives to satisfy its current and potential customers, their needs and expectations, with the aim of always offering competitive services and products in its field of activity, with the guarantee of maximum professionalism, flexibility and high-quality standards.

The core values in which CEG believes and which form its mission are:

- » **Excellence** - the company understands its customers' needs and offers flexible solutions to ensure continuous improvement in the performance of its processes, products and services;
- » **Integrity** - the company's operations are based on compliance with laws and regulations relating to the protection of the environment and the safety of people, in order to ensure the highest ethical and professional standards;
- » **Teamwork** - is essential for the development of new ideas and innovation through the interaction of the company's employees..

CEG's commitment to ensuring high quality standards is reflected in its compliance with numerous product certifications, international regulations, management system certifications and Customer recognition.

In particular, CEG has obtained the following certifications:



Since 1998, CEG has had a quality management system certified to ISO 9001: this standard provides specific requirements for structuring a system to provide products and services that consistently meet customer needs and legal and regulatory requirements.

CEG is also accredited by the major international companies and engineering firms that recognise its quality and expertise.





CEG holds the IRIS (International Railway Industry Standard) certification which integrates the ISO 9001 certification with the specific requirements of the railway market. The IRIS certification is promoted by UNIFE (European Railway Industry), an agency established and supported by the major railway manufacturers worldwide.



CEG has an ISO 14001 certified environmental management system. It offers many benefits to the company, including: compliance with legislation, monitoring of consumption and reduction of waste, facilitation of funding procedures, systematic management of any environmental emergencies, simplification of bureaucratic and administrative procedures, and enhancement of the company's reputation.



CEG has an ISO 45001-certified occupational health and safety management system. It guarantees numerous benefits related to: monitoring of legal compliance; reduction of accidents, injuries and occupational diseases; awareness of the organisation's employees; reduction of the risk of administrative and criminal sanctions; reduction of insurance costs; improvement of the company's reputation.

#### **Other certifications (construction standards)**

CEG is also able to build systems and equipment to non-IEC standards; in particular, it holds certifications for the Russian customs union EAC (formerly GOST), for the North American area to UL, NEMA, CSA, cCSAus. In addition, CEG holds CE, ATEX and IECEx product certifications.

## Creation and distribution of economic value

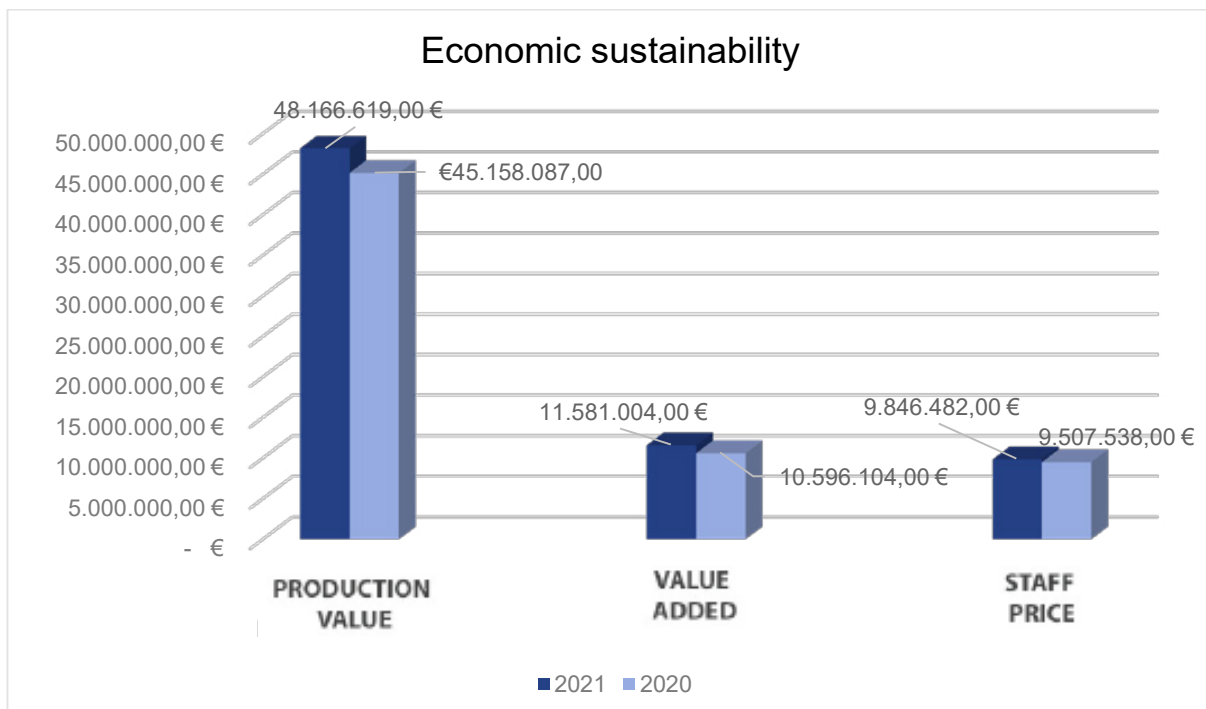


Economic value generated through revenues: approximately **EUR 48 million**

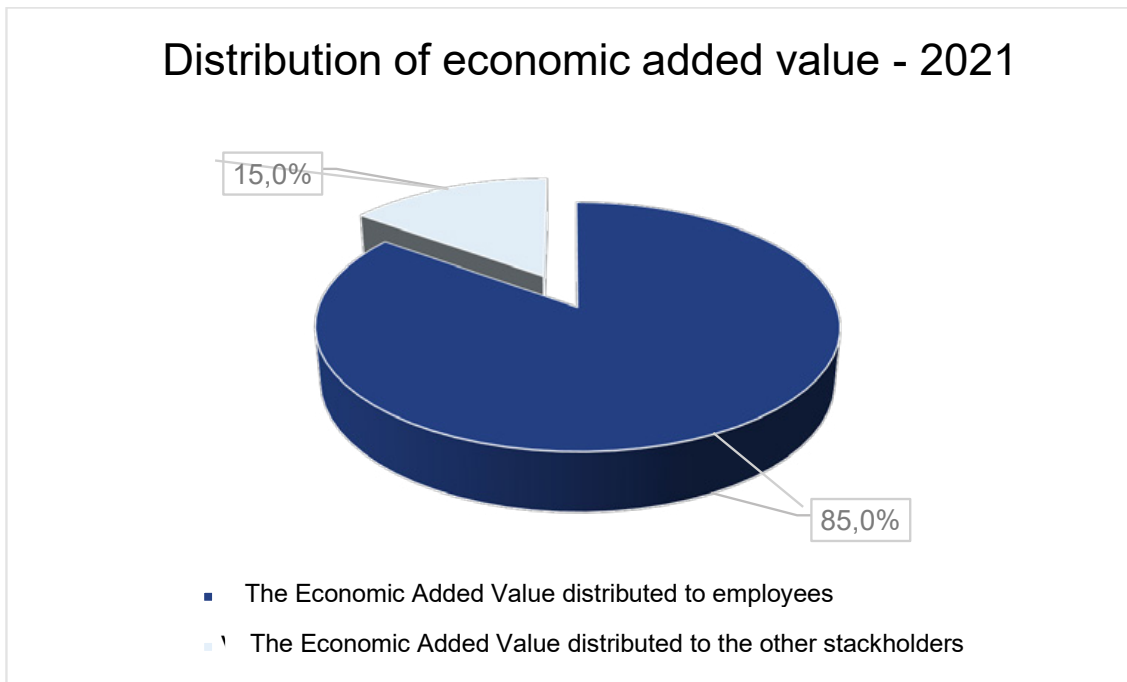
The economic value generated and distributed expresses the ability of a company to generate wealth for the benefit of its stakeholders.

With the Sustainability Report, CEG wants to define the dimension of economic value creation in terms of sustainability, especially in relation to stakeholders.

In this sense, the economic value generated is the expression that allows the representation of the Group's ability to produce value that is distributed to the subjects that allow it to be created. In 2021, the total economic value generated by the CEG Group through sales revenue will be approximately **EUR 48 million**, an increase of approximately 7% compared to 2020, as shown in the graph below.



In terms of sustainability, and therefore sustainable economic value creation, it can be said that in 2021, 85% of the economic value added generated by the Group was distributed directly or indirectly to employees (labour cost value).



The Economic Added Value generated by the group and distributed to employees represents CEG's contribution to the local community. Since the vast majority of employees live in the municipality of Bibbiena or in neighbouring municipalities, the amount of wages is transformed into opportunities for consumption and investment in the area of origin and in the local community.



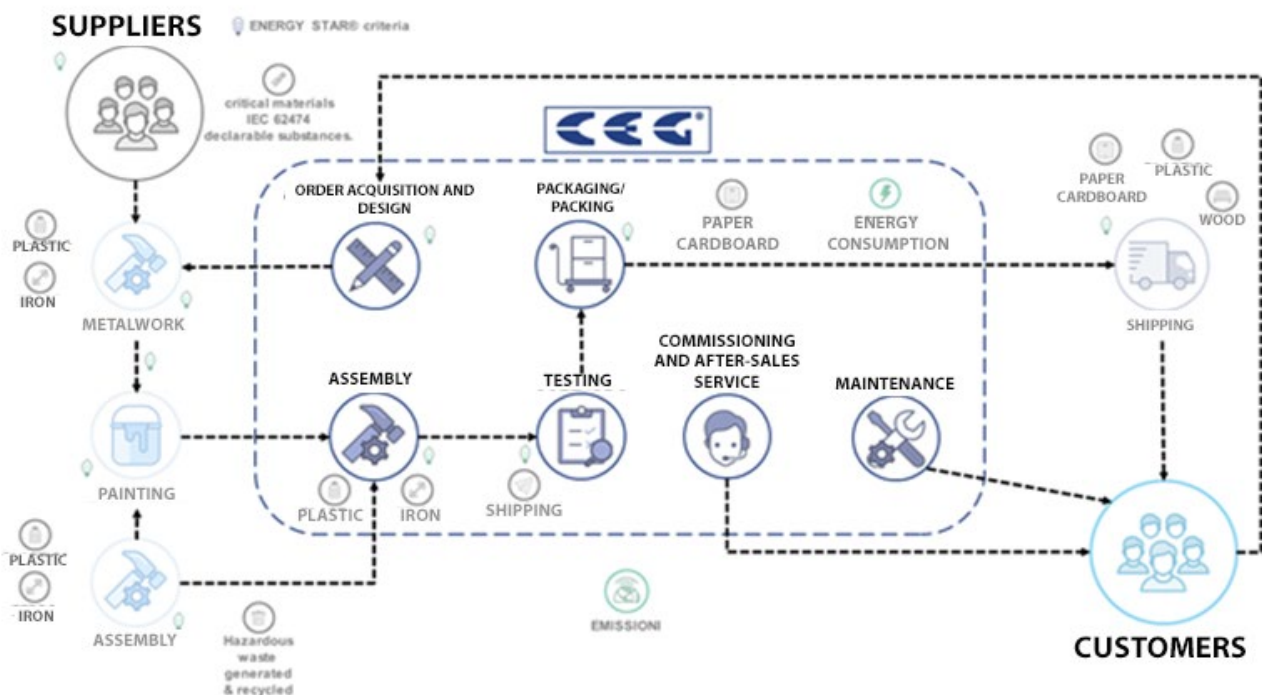
# 3

# Environmental capital



CEG's Top Management and Supervisory Body consider the responsible management of the environmental element of the company's operations to be fundamental to its ability to continue operating while maintaining its productivity and competitiveness in the marketplace, and to achieve truly sustainable development in the long term as soon as possible.

In order to analyse the company's impact on the environment, given its particular organisational structure, it is important to distinguish between direct and indirect impacts: the former are related to activities carried out directly by the company's employees, while the latter are related to activities upstream and downstream of those carried out by CEG.



In terms of **direct environmental impact**, energy consumption, material consumption and the production of less waste can be highlighted.

**Indirect environmental impacts**, on the other hand, are much more relevant due to CEG's particular organisational structure and are related to the extraction of minerals and metals (with the consequent use and possible contamination of water resources), energy consumption and the disposal of production residues and discarded products.

CEG is constantly striving to first analyse the direct impact on the environment in order to monitor and, where possible, reduce this impact. The Company regards the environment as a fundamental asset and aims to operate in a manner that protects it according to the principles set out in its **ESG Policy**.

For this reason, as mentioned above, an environmental management system certified to **ISO 14001** has been implemented within the broader ESHQ integrated management system.

The definition of such a management system is particularly advantageous because it guarantees the possibility of:

- maintaining compliance with environmental legislative requirements;
- monitoring the environmental performance;
- disseminating awareness of environmental issues among company personnel;
- systematically dealing with any environmental emergencies.

Thanks to its management system, CEG aims for **continuous improvement** and plans its activities in such a way as to strike a balance between economic initiatives and the protection of the ecosystem, which is essential for the protection of future generations.

More recently, the company has begun to focus on the indirect environmental impacts associated with suppliers' operations and the disposal of marketed products.

Monitoring and reducing these impacts is much more complex because it requires coordinated action at the supply chain level, but CEG has launched a number of initiatives (analysed in more detail in the following sections) with a view to expanding its scope in the future.

**IMPORTANT >>** In order to analyse the evolution of CEG's environmental impact, it is necessary to take into account the fact that the data are not fully comparable: in fact, in 2020, due to the emergency situation linked to the spread of Covid-19, there was a reduction in the company's activities; therefore, the comparison between the indicators referring to 2020 and those referring to 2021 shows, in all cases, a logical increase in the impact.



## Energy management

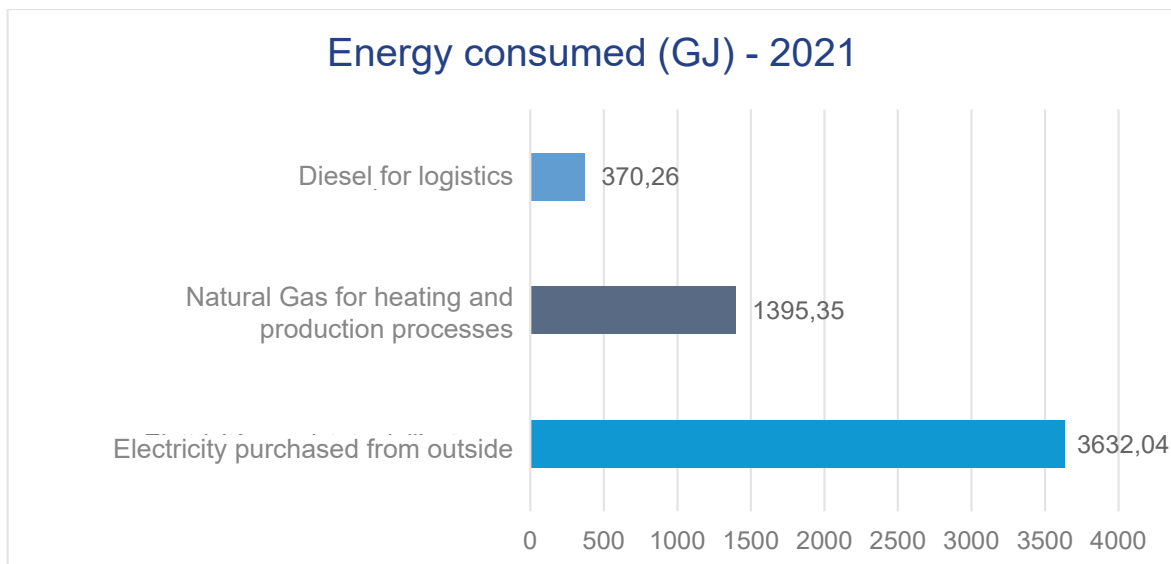


In 2021, recorded  
**energy consumption**  
amounted to **5397.65 GJ**

The energy consumed by the CEG can be classified according to its relevance as follows:

- **primary consumption**, connected to the performance of industrial processing activities that take place within the plants (assembly and commissioning);
- **secondary consumption**, resulting from activities such as design and after-sales service and therefore related to the use and heating/air conditioning of the offices dedicated to the different services offered.

For the year 2021, the following energy consumption was recorded:



Both gas and diesel consumption and electricity consumption show increases compared to 2020: +11% for gas, +68% for diesel and +7.3% for externally purchased electricity.

The company is evaluating the implementation of a number of specific **efficiency measures** to reduce its energy footprint, guarantee reductions in consumption, without affecting or changing the production process, and keep the quality of the products unchanged.

## Greenhouse gas emissions



In 2021, the total of recorded **Scope 1 and Scope 2 emissions** was **432.97 tonnes of CO<sub>2</sub>e**

Greenhouse gas emissions are the most relevant **environmental externality** generated by human production and consumption activities.

At the global level, the 2015 **Paris Agreement** has set a framework for action to reduce greenhouse gas emissions. In particular, the **European Union** has set itself a very ambitious target: climate neutrality by 2050, with an intermediate target of a net reduction in emissions of 55% (compared to 1990 levels) by 2030.

The CEG Group, aware of its impact on greenhouse gas emissions, has estimated the emissions generated by its activities (the so-called carbon footprint) in order to define a plan for gradual reduction. This estimate was made through the use of a toolkit specifically defined by the **Center4SharedValue** of the University of Turin.

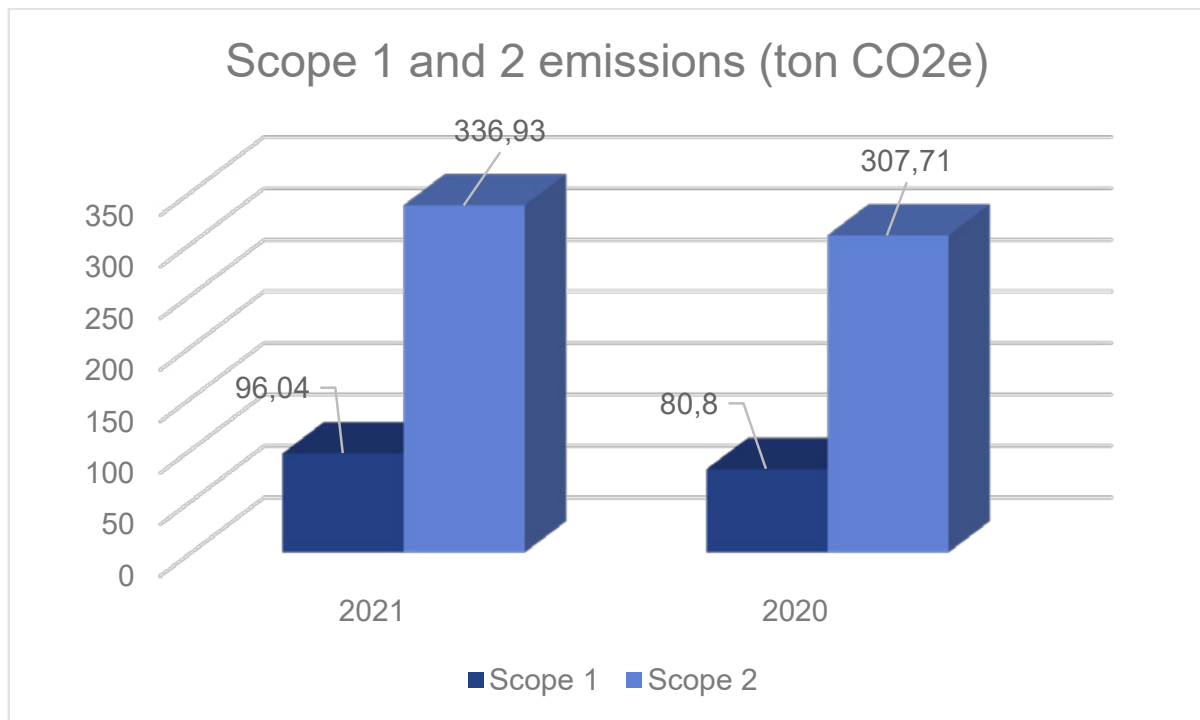
Greenhouse gas emissions related to the activities of the CEG Group can be analysed according to the approach defined by the GHG Protocol:

- » **Scope 1** emissions→ emission resulting from activities directly controlled by the company (e.g. fuel consumption for motor vehicles);
- » **Scope 2** emissions→ emissions resulting from electricity consumption (the production of which is not directly controlled);
- » **Scope 3** emissions→ emissions resulting from products or services used, offered by companies whose activities are not directly controlled.

In this first Sustainability Report, the company has estimated its Scope 1 and 2 emissions. Management is aware that a significant part of the carbon impact is related to indirect emissions that are not directly controlled (Scope 3): for this reason, appropriate analysis processes are expected to be initiated in the coming years to allow a more complete assessment of CEG's impact on the climate.

Scope 1 and 2 emissions are related to business trips, consumption for the transport of goods directly carried out by CEG and electricity consumption. The company has estimated these emissions for 2020 and 2021, so that it can carry out a temporal analysis of its carbon footprint. We can observe its evolution in the following graph.

We can observe its evolution in the following graph.



In order to implement initiatives to reduce the emissions generated by its activities, CEG has identified a number of possible **areas** for future action:

- » reduction of energy consumption;
- » supply from renewable energy sources;
- » research and development for the definition of energy-efficient products;
- » selection of suppliers who prefer the use of renewable energy sources for the performance of their activities.

By implementing initiatives in these areas, CEG aims to consolidate its role within the supply chain in promoting the adoption of responsible behaviour.

In addition to reducing its emissions, the CEG Group will consider **offsetting** initiatives in the future.

## The approach to managing climate change

**Climate change** is now perceived indiscriminately throughout the planet, and CEG recognises the importance of taking action to both mitigate and adapt to its effects.

The approach adopted by the CEG Group to address the issue of Climate Change is based on the principles developed by the **Task Force on Climate-related Financial Disclosures (TCFD)**. These principles, considered the most advanced internationally, are based on four elements (governance, strategy, risk management and metrics and targets) and require the preparation of multiple scenario analyses, an aspect on which the company is working.

To concretely address climate change, the company has adopted actions that cover multiple elements:

- » at an organisational level, a **Sustainability function** has been set up to deal with social and, above all, environmental issues;
- » the **risk analysis** phase has been expanded in order to assess and manage the risks and opportunities associated with climate change;
- » an **ISO 14001** environmental aspects management system has been implemented that allows containing and keeping under control both the impact on water resources and energy consumption (with the related CO<sub>2</sub>emissions);
- » a climate change **awareness campaign** has been launched for the workers, suppliers and local communities within which CEG operates, to spread awareness and support the adoption of responsible and sustainable behaviours.

The company is also considering adopting more significant upstream measures to reduce its impact on water resources (in terms of both consumption and pollution) and to reduce emissions of climate-changing gases.

## Management of water resources



In **2021**, a total of **1223 m<sup>3</sup> of water** was consumed

Climate change threatens access to water resources for a large part of the world's population: **water**, which has always been a fundamental and irreplaceable asset for human existence, is becoming an **increasingly valuable commodity**.

CEG recognises the importance of this resource in an uncertain climate situation and is committed to protecting and preserving it for **future generations** with a view to sustainable development.

Managing water resources sustainably means:

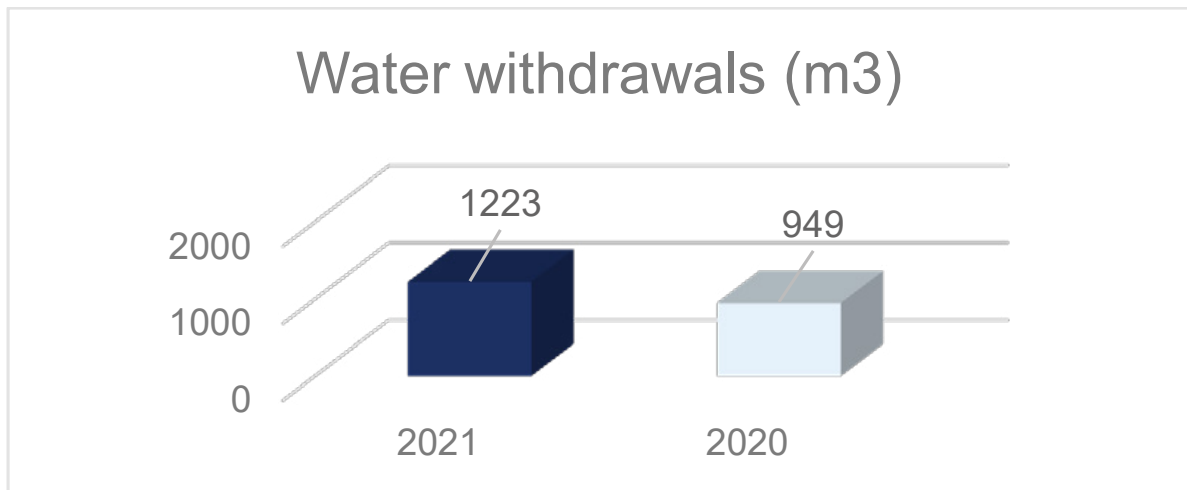
- » not using more water than nature restores;
- » constantly ensuring water quality through spill prevention and discharge monitoring;
- » ensuring long-term supply, including through investment in the maintenance and modernisation of infrastructure.

The **ISO 14001:2015** certified environmental management system enables the company to continuously monitor its interactions with water resources.

It guarantees the possibility of controlling consumption, aiming to limit it as much as possible, as well as avoiding polluting spills.

In 2021, water consumption within CEG plants reached 1223 m<sup>3</sup>, an increase of 30% compared to the previous year.

Analyses are underway to determine the reasons for this significant increase, which occurred without significant changes in production processes.



However, compared to the activities carried out in the CEG plants, the most significant impact on water resources was recorded in the upstream activities.

In fact, these activities have an impact both in terms of water consumption and potential contamination.

In this regard, CEG has decided to implement some preliminary actions including:

- » **disseminate awareness** among its suppliers about the importance of water resources and the need for conscious and controlled use;
- » **identify suppliers from water-stressed areas** ( referring to the WRI - Aqueduct Water Risk Atlas Tool<sup>1</sup> ) to evaluate any supply chain improvements.

<sup>1</sup> <https://www.wri.org/data/aqueduct-water-risk-atlas>



## Waste management

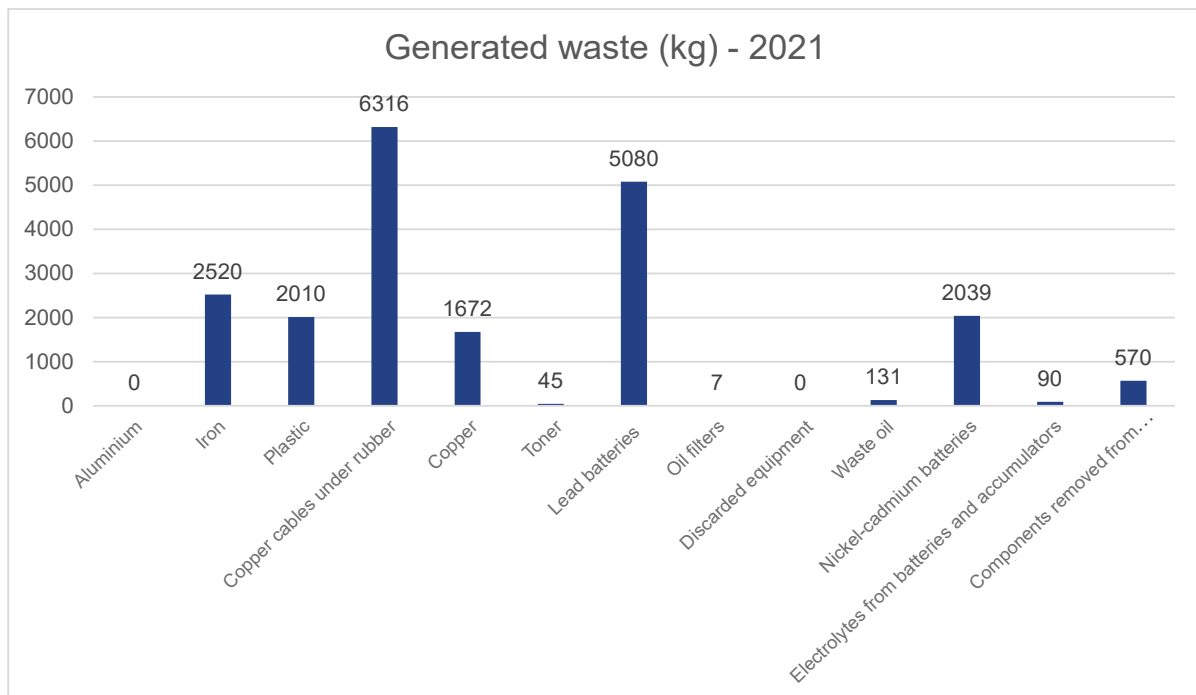
The management of waste generated by the company's activities is an issue that CEG considers very carefully in relation to the protection of the environment and biodiversity.

In fact, the company follows a principle of **prevention and reduction of environmental impact**: for this reason, it has implemented an **ISO 14001:2015** certified management system for environmental aspects, which allows it to carefully monitor the quantities and types of waste produced and to manage them according to specific internal procedures.

The main activities that generate waste within the organisation are related to:

- » product **assembly and packaging** phases
- » standard **administrative work**

The waste generated in 2021 can be divided into the following categories:



The production process is carefully **monitored** to ensure that waste is minimised and properly managed.

In fact, there were no critical waste management issues in 2021, also thanks to the existence of the management system.

This system ensures that in the event of specific incidents-such as an accidental spill-employees are properly trained and equipped to deal with emergencies and minimise pollution.

## Transition to a circular economy

Scientific estimates show that current levels of natural resource consumption are unsustainable in the medium to long term: if human production and consumption activities continue on a Business-as-Usual trend (i.e. at current rates), it is estimated that by 2050 we will have used up the equivalent of three planets<sup>2</sup> worth of resources.

It is therefore necessary to redirect the current economic system towards a **circular** economy, understood as a regenerative economic model that preserves the value of natural resources, promotes their recovery and minimises the production of waste and scrap.

With the adoption of the **Circular Economy Action Plan**, the EU plans to accelerate as quickly as possible the transition to a regenerative growth model that gives back more to the planet than it takes, in order to keep resource consumption within the planet's limits. This gradual yet but irreversible transition to a sustainable economic system is an essential element of the new European industrial strategy and will also involve the electrical and electronic equipment sector.

CEG, aware of the role it can play in this transition, intends to commit immediately to the implementation of circular production and consumption models.

For this reason, the company has decided to commit to two basic guidelines, the first of which is potentially very important in terms of volume:

1. develop an **eco-compatible design** process (adopting a *life-cycle* perspective) and strengthen communication and cooperation with consumers to promote the recovery and reuse of products;
2. promote the adoption of **sustainable and recyclable packaging** in the transport and distribution phases of products

In both cases, the company will take steps to work with its supply chain partners.


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<sup>2</sup> <https://www.un.org/sustainabledevelopment/sustainable-consumption-production/>

# 4

## Human and intellectual capital





175 EMPLOYEES  
MORE THAN 20% UNDER THE AGE OF 30  
20% ARE WOMEN

For CEG, its **human capital** is the fundamental element for carrying out its production activities: the company has always placed its people at the centre of its work and considers any action related to them not as a cost, but as an investment in terms of competitiveness, leadership and social integration.

Aware that its activities have a decisive impact on the development of human capital, CEG has adopted a **Code of Ethics** in which it sets out (in a specific section) the values of responsibility on which its relationship with the human capital is based. This document is a guarantee of effective management of human relations, with due regard for fairness and the good reputation of the company.

To properly manage its human and intellectual capital, CEG also uses the **Integrated Management System**, which is developed taking into account the indications of some fundamental references including:

- » The International Covenant on Economic, Social, Cultural, Civil and Political Rights;
- » The United Nations Convention on the Elimination of All Forms of Racial Discrimination;
- » The United Nations Guiding Principles on Business and Human Rights;
- » The Universal Declaration of Human Rights.

For this reason, CEG is committed to protecting and developing human capital, both in its Italian and foreign operations and among its suppliers, to whom it disseminates its operating principles in order to generate positive spill-over effects throughout the production chain and encourage the creation of partnerships capable of generating shared value.



## Employment and workplace policies



In 2021, the **workforce** consisted of **175 people**, of which 70% were office staff and 27% workers

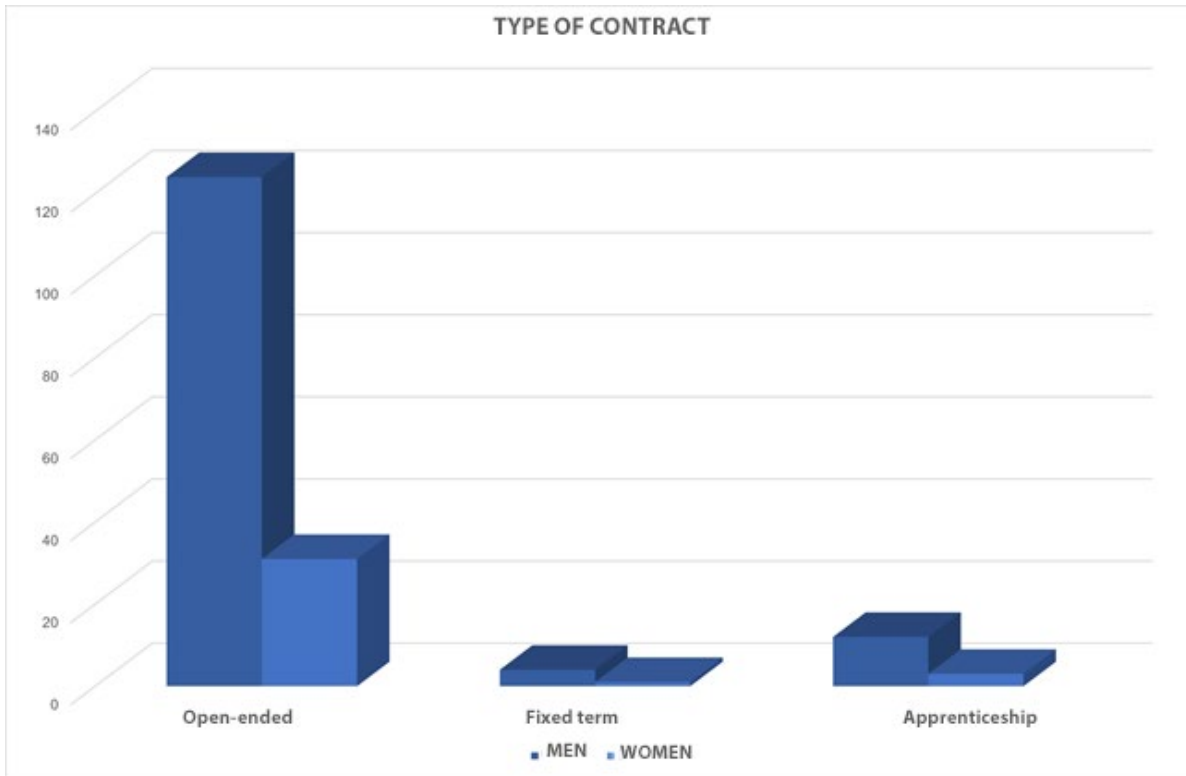
As at t 31 December 2021, the total number of employees in CEG was **175**, a change of one unit compared to 2020.

The workforce is divided by **professional category** as follows:

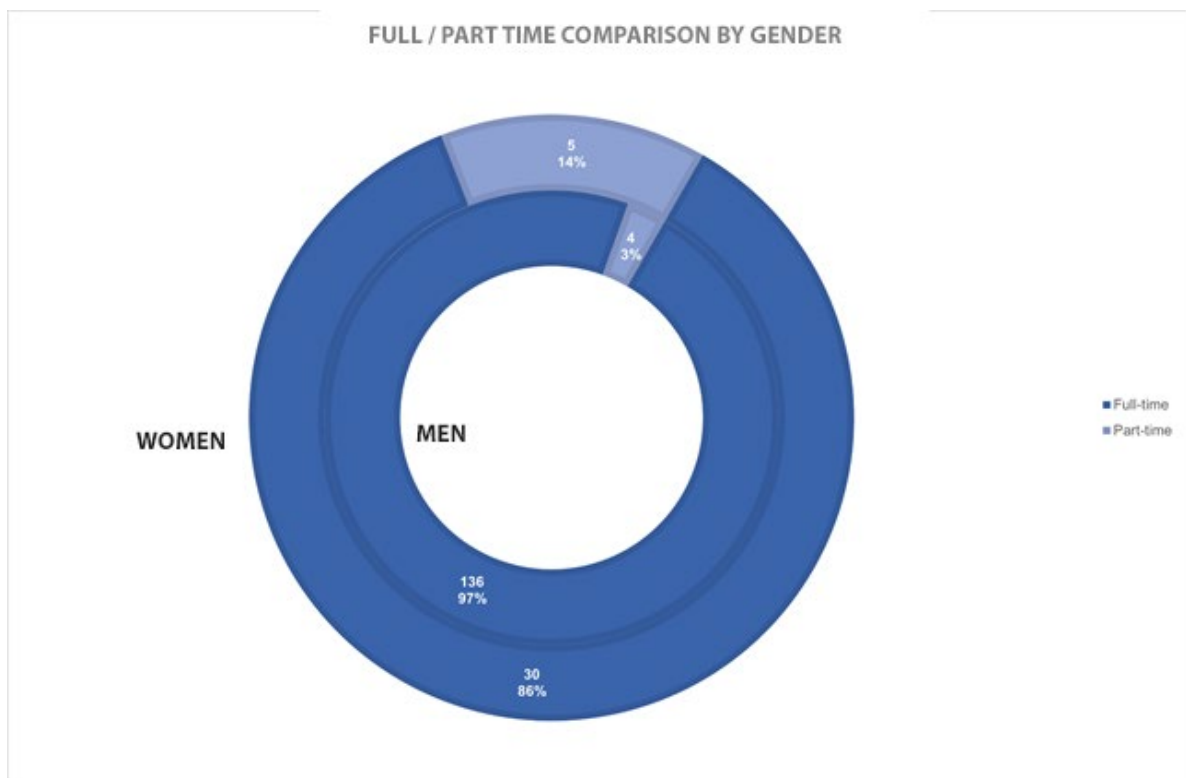


As can be seen from the graph below, the type of **contract** used is mainly open-ended, in order to avoid high turnover and to ensure the creation of a stable and lasting relationship with employees.

In this sense, there are no significant changes compared to 2020.



In terms of the type of commitment contemplated, the majority of contracts are full-time, although access to part-time contracts is guaranteed in case of need. Again, there are no significant changes compared to 2020.



In terms of **workplace policies**, CEG aims to ensure a positive, constructive and dynamic environment that supports the possible heterogeneity of individuals and their talents, opinions and views, guaranteeing equal opportunities for all.

The company is also committed to ensuring that relationships between colleagues are based on values such as respect, mutual trust, loyalty, fairness, collaboration and honesty.

CEG only uses regular employment, professional service or internship contracts: no form of irregular work is tolerated and **100%** of CEG employees are covered by **collective bargaining agreements**.

In addition, to promote dialogue, CEG respects and protects the right of workers to have adequate representation and the freedom to form and/or join workers' organisations or trade union representatives, promoting the consultation of workers, including through the social partners, in the definition of policies, processes and procedures aimed at improving the working environment.

In this way, the company pursues the objective of reconciling workers' rights with business priorities.

The company also guarantees the right to privacy of employees and collaborators, in accordance with the relevant legislation, and promotes work-life balance through a flexible work management system, based on responsibility and trust.

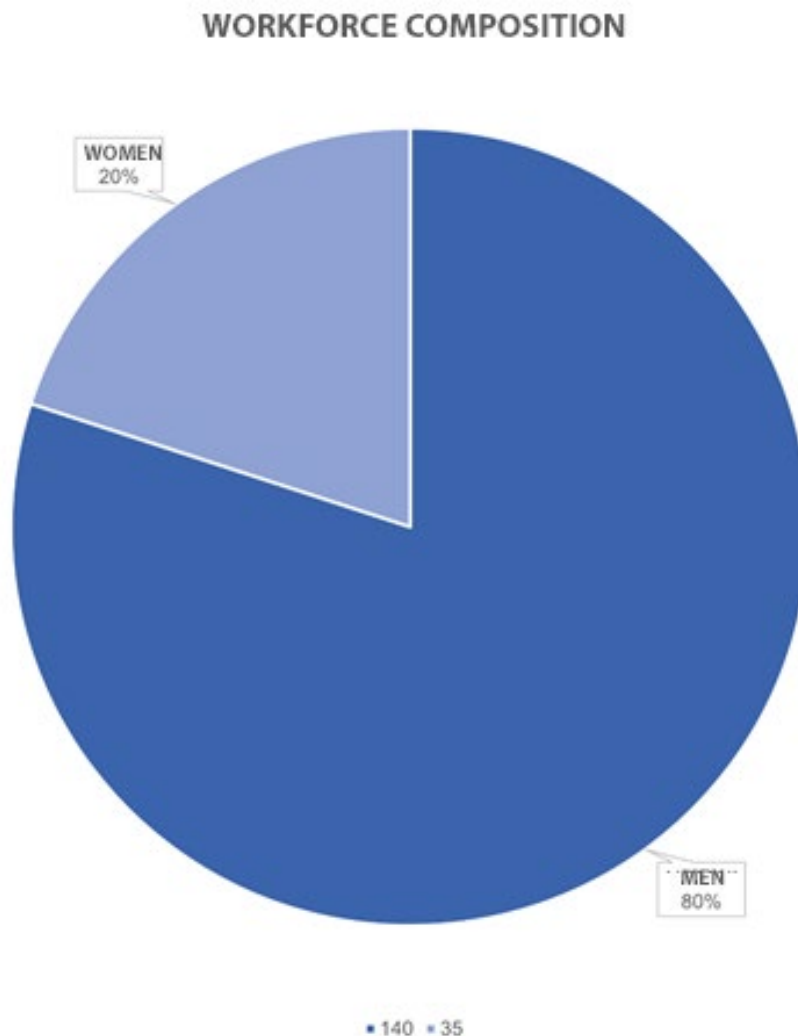
## Inclusion and diversity

**Diversity** is an asset: for this reason, the company rejects any discrimination based on age, gender, sexuality, health status, race, nationality, political opinions or religious beliefs in its human and corporate relations (human resources management and work organisation, selection and management of suppliers, relations with the surrounding community and the institutions that represent it).

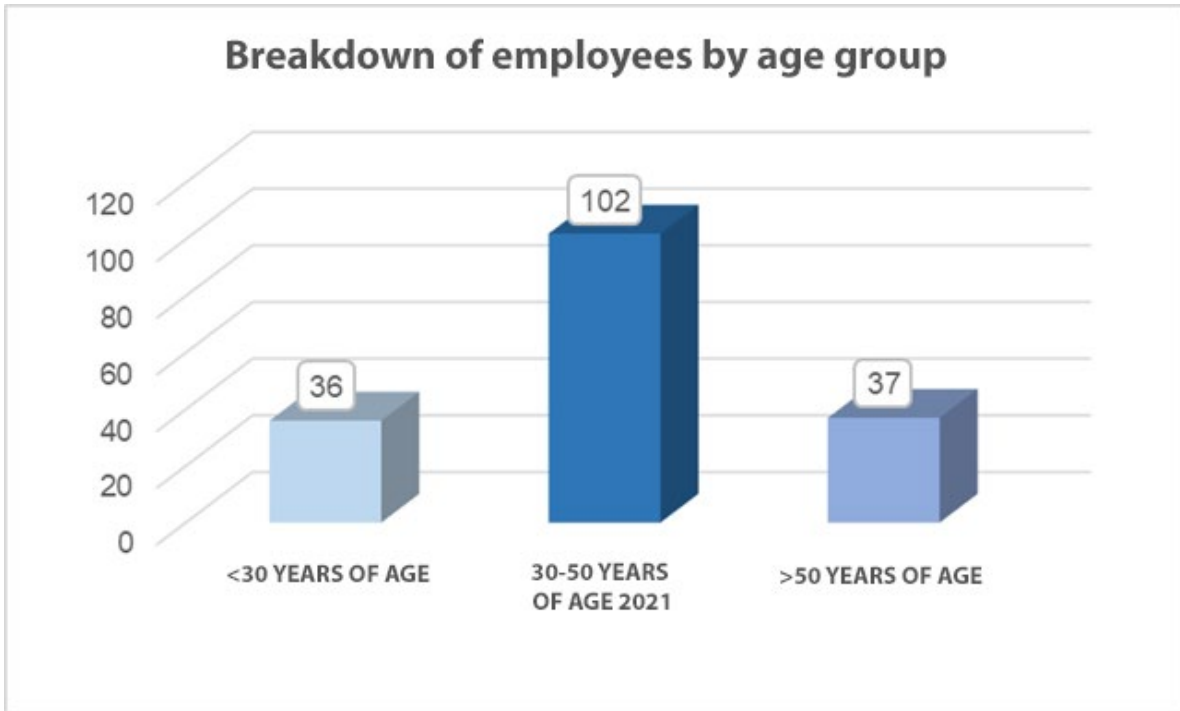
In particular, when selecting employees and collaborators, CEG refrains from discriminatory behaviour and evaluates candidates based on merit, competence and professionalism, taking into account actual business needs.

In 2021, there were no reports of discrimination or harassment within the company.

With regard to the composition of the company's workforce, in terms of gender diversity, the following features were recorded (no significant change compared to 2020):



In terms of age diversity, the following data are recorded:



Again, there are no significant changes compared to 2020.



## Health and safety



No accidents, fatalities or work-related illnesses were recorded in **2021**

Attention to health and safety issues is a fundamental aspect of CEG's human resources management.

As also stated in the **Code of Ethics**, the company is committed to ensuring a working environment that complies with current health and safety regulations and promotes responsible behaviour to safeguard the health and safety of all employees and collaborators, inspired by best practice at national and international levels.

To meet these objectives, the company has adopted an **ISO 45001**-certified occupational health and safety management system, which covers all employees.

This system allows:

- » planning prevention activities;
- » eliminating the risks or, where this is not possible, reducing them to a minimum in the light of knowledge acquired as a result of technical progress;
- » limiting the number of workers exposed to the risk to a minimum;
- » scheduling information and training for managers and all staff;
- » taking measures to ensure that safety levels improve over time, including through the adoption of codes of conduct and best practice;
- » regulating the maintenance of environments, equipment, systems;
- » identifying the emergency measures to be taken in the event of first aid, fire-fighting, evacuation of workers and serious and immediate danger.

The implementation of the ISO 45001-certified system also guarantees the ability to continuously and accurately monitor the company's performance, with a view to continuous improvement.

CEG's commitment is translated each year into an annual plan of objectives, measurable indicators and targets, according to a structural framework that links both the needs of Customers, stakeholders and employees, as well as compliance with mandatory requirements, to the objectives of the organisation.

In the area of health and safety, in 2021 there were no work-related deaths of staff listed in the company's register for which the company's responsibility could be definitively established.

Similarly, during the year there were no significant accidents at work resulting in serious or very serious injuries to staff listed in the company's register for which the company's responsibility could be definitively established.

Furthermore, no occupational diseases were reported by employees or former employees during the year.

CEG's management intends to maintain its commitment to health and safety at work by promoting awareness-raising meetings and training courses, information and specific training to improve the professionalism of staff and their involvement in achieving the company's objectives, helping to spread and consolidate a culture of safety among its employees.

The company also encourages (by awarding additional points in the pre-assessment process) the adoption of occupational health and safety management systems by its suppliers to promote worker protection throughout the value chain.

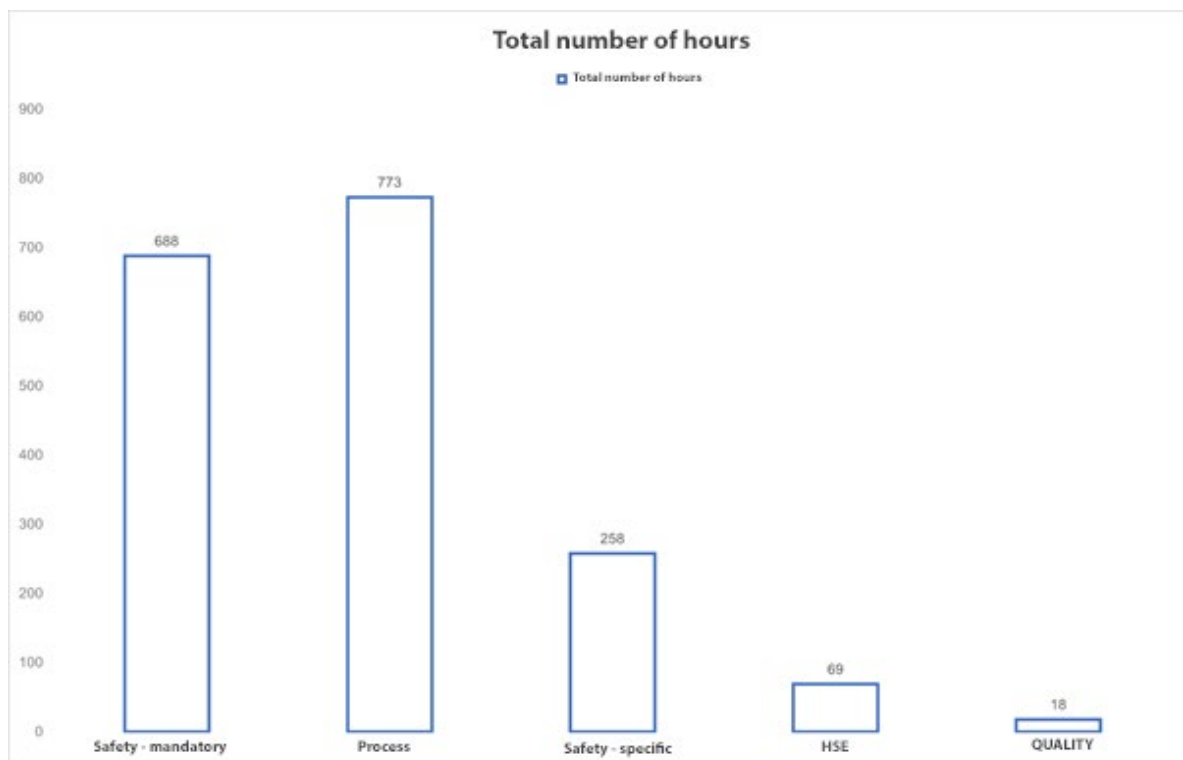
## Enhancement of human capital

CEG recognises the **centrality of human resources** and believes that their professional contribution is an essential factor for the success and development of the company. For this reason, it provides its staff with adequate tools and opportunities for professional growth, commits itself to involving its human resources in a path of capacity and skills development, and regularly promotes training and information activities at all organisational levels.

Firstly, there is **institutional training**, which is individual and provided at specific moments in the professional life (for example, induction training provided when a new employee joins the company).

Training is then **provided for operational staff** within the various management systems (ISO 9001, ISO 14001 and ISO 45001).

For the year 2021, the training hours provided were divided as follows:



## Respect for human rights

All human beings are holders of **inalienable rights**, respect for which is a fundamental element in the correct and responsible management of business activities.

The management of the rights of company employees complies with all applicable human rights legislation, is based on the **United Nations Guiding Principles on Business and Human Rights** (UNGPs) and International Conventions and is explained in a number of documents relating to internal organisation and external relationships, such as the Code of Ethics and the ESG Policy.

CEG believes that respect for human rights is an issue to be addressed especially in a supply chain logic: for this reason, the company has defined the aforementioned **Conflict Minerals Policy** (*"Ethics and Compliance"* section).

With this policy, the company declares its commitment not to voluntarily introduce into its supply chain raw materials and components containing minerals (3TG) from the geographical area defined as the "Conflict Region", which includes the Democratic Republic of Congo (DRC) and neighbouring countries.

CEG undertakes to require its suppliers to guarantee that only materials from outside the conflict regions are used in their products or, if this is not possible, that they are "Conflict-free".


In cases where it is not possible to determine the origin or absence of conflict minerals in the products purchased, CEG undertakes to take all appropriate measures to ensure its willingness to introduce only conflict-free products into its supply chain and undertakes to disseminate best practices on respect for human rights to its suppliers, to verify their adequacy in this regard and to promote their training in cases where there is a lack of awareness.

5

# The social capital







CEG is aware of the effects, even indirect, that its activities can generate on the economic and social development of the territory in which it operates and more generally on the **well-being of local communities and future generations**.

The company also recognises that the maintenance and enhancement of long-term relationships with its stakeholders and with the local communities of reference is the basis for business success and for the common creation of value.

For this reason, CEG is committed to conducting its operations in a manner that respects local communities and to verifying that this practice is followed by all companies in its value chain, in particular its key suppliers.

The company's commitment in this area is based not only on compliance with the law, but also on the desire to have a significant positive impact on society and the environment, and to ensure the development of society.


In 2021/2022, CEG decided to embark on a **structured path** to integrate **ESG** (Environmental, Social and Governance) issues into its business and to promote the dissemination of a sustainability-focused approach throughout its value chain.

In this sense, the company has developed its first **Sustainability Report**, with which it demonstrates both the will to contribute to a more sustainable future and the ability to publicly report, in a clear and truthful manner, the actions taken and the results obtained.

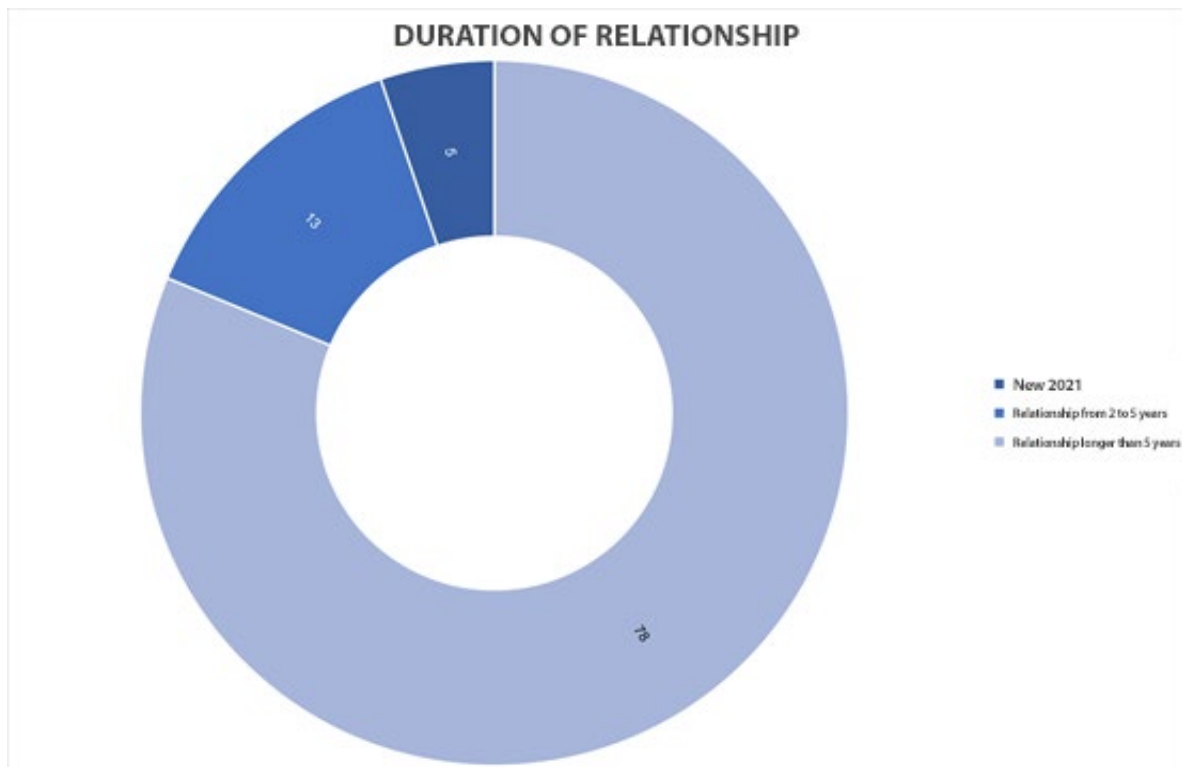
The company has also published its **ESG Policy**: this document explains the ESG reference values and identifies the main areas of future intervention, including relations with the reference communities.

## 5.1 | Working together

CEG's strength lies in its focus on **enhancing relationships** with suppliers and the offices it works with around the world, enabling it to stand out in a highly competitive market.

 In 2021, the **total number of suppliers** amounted to **96**, of which **78** with a long-term relationship

CEG has in fact developed long-term relationships with its suppliers, as we can see from the following graph:



In order to guarantee the best quality products, the company selects its suppliers very carefully, choosing the most reliable and in line with the company's vision.

The evaluation of suppliers can be carried out in different ways:

- » **Direct evaluation** → consists of a specific external audit carried out at the supplier's premises on an annual or three-year basis. If successful, the qualification is reconfirmed and updated. In the event of a negative result, the supplier is "suspended" for a period of six months: during this period, it will be able to fulfil the contracts already signed, but will have to correct the breaches. At the end of the 6 months, they will be reassessed: if they fail the second assessment after suspension, the qualification will be withdrawn and the relationship will be terminated.
- » **Indirect evaluation** → is an annual verification that considers the deliveries made and the quality and price performance. Based on the data collected, a "scorecard" is defined, i.e. a comprehensive evaluation of the supplier. If the scorecard index values do not meet the targets set by CEG twice in a row, the supplier will be directly audited.
- » **Third-party verification** → for certain tests or trials, the organisation refers to accredited organisations.

The choice of suppliers and the determination of the conditions of purchase are based on an objective assessment of the supplier's reputation and reliability, the price of the goods or services, their actual availability and the guarantees of assistance and timeliness, taking into account the best professional standards and best practices in terms of health and safety protection and respect for the environment.

CEG has also developed a **supplier management system** within the framework of the quality management system certified in accordance with **ISO 9001**: this system makes it possible to monitor the effectiveness and efficiency of the supply chain at all times and to manage any non-conformities in terms of the quality or environmental and safety impact of the finished products in an appropriate and collaborative manner.

The system is managed by the Quality Manager, the Purchasing Department Manager and the Process Managers, and is based on an updated list of qualified suppliers.

## Our Approach to supplier accountability

To ensure an effective contribution to the fight against climate change and the protection of workers' rights, as well as social and environmental sustainability as a whole, CEG believes that careful and coordinated **teamwork** is necessary.

In this sense, the choice of suppliers and the collaboration with them in reference to ESG issues is fundamental.

First and foremost, the company expects its suppliers to be aware of the company rules and principles set out in the **Code of Ethics**: all suppliers are informed of this when new contracts are entered into and are required to comply with what is stated therein.

As stated in the **Conflict Minerals Policy**, CEG also requires its suppliers to guarantee the exclusive use of materials from outside the Conflict Regions or, if this is not possible, that they are "Conflict-free" (see section on *Respect for Human Rights*).

Suppliers' attention to ESG issues is then assessed on the basis of **whether they hold environmental** or social sustainability certifications such as ISO 14001, ISO 45001 or SA8000, which indicate the ability to systematically manage their respective areas of reference.

Out of a total of 96 suppliers, the following data are reported:



The company plans to engage suppliers to increase the percentage of suppliers certified to ISO 9001, ISO 14001 and ISO 45001.

CEG has also developed a **questionnaire**, which will soon be sent to suppliers, to raise their awareness of **ESG** issues and further assess their level of commitment to these issues.

CEG management reserves the right to evaluate future changes to the supply chain based on the results of this analysis.



# 6

## Summary of data





## PEOPLE

### Total number of employees by category and age group

CLASSIFICATION	2021						2020					
	<30 YEARS OF AGE	30-50 YEARS OF AGE	>50 YEARS OF AGE	MEN	WOMEN	TOTAL	<30 YEARS OF AGE	30-50 YEARS OF AGE	>50 YEARS OF AGE	MEN	WOMEN	TOTAL
Middle managers		3	1	4	0	4		3	1	4	0	4
Office staff	25	75	23	90	33	123	25	73	24	89	33	122
Workers	11	24	13	46	2	48	12	23	13	46	2	48
<b>TOTAL</b>	<b>36</b>	<b>102</b>	<b>37</b>	<b>140</b>	<b>35</b>	<b>175</b>	<b>37</b>	<b>99</b>	<b>38</b>	<b>139</b>	<b>35</b>	<b>174</b>

### Total number of employees divided by type of contract (open-ended and fixed term), by gender

TYPE OF CONTRACT	2021			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Open-ended	124	31	155	123	31	154
Fixed term	4	1	5	4	1	5
Apprenticeship	12	3	15	12	3	15
<b>TOTAL</b>	<b>140</b>	<b>35</b>	<b>175</b>	<b>139</b>	<b>35</b>	<b>174</b>

### Total number of employees divided by full-time, part-time and gender

FULL-TIME PART-TIME	2021			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full-time	136	30	166	135	30	165
Part-time	4	5	9	4	5	9
part-time (%)	3%	17%	20%	3%	17%	20%
<b>TOTAL</b>	<b>140</b>	<b>35</b>	<b>175</b>	<b>139</b>	<b>35</b>	<b>174</b>

### Training hours by professional category and gender

TRAINING HOURS	2021			2020		
	Total number of hours	Total number of hours per person MEN	Total number of hours per person WOMEN	Total number of hours	Total number of hours per person MEN	Total number of hours per person WOMEN
Office staff	1246	12.35	3.25	579	5.29	2.43
Workers	560	12.1	3.3	410	8.52	1
<b>TOTAL</b>	<b>1806</b>	<b>24.45</b>	<b>6.55</b>	<b>989</b>	<b>13.81</b>	<b>3.43</b>

## SAFETY

### Employees covered by the Health and Safety management system

NUMBER OF EMPLOYEES	2021		2020	
	NUMBER	%	NUMBER	%
Total number of employees covered by the health and safety management system	175	100.00%	174	100.00%
Total number of employees covered by the health and safety management system subjected to internal control procedure	175	100.00%	174	100.00%
Total number of employees covered by the health and safety management system subjected to a control procedure or certified by a third party	175	100.00%	174	100.00%

### Accidents at work

RATE	2021	2020
Rate of deaths due to accidents at work	0	0
Serious occupational injury rate (excluding deaths)	0	0
Recordable workplace accident rate	0	0

### Occupational diseases

NUMBER OF INCIDENTS	2021	2020
Total number of recordable cases of occupational disease	0	0
of which cases of death caused by occupational diseases	0	0

## ENVIRONMENT

### Water withdrawal

SOURCE OF WITHDRAWAL	2021		2020		Δ % 20-21
	all areas	water stress areas	all areas	water stress areas	
groundwater (total) m3	0	0	0	0	0
third party water (total) m3	1223	0	949	0	29%
<b>TOTAL WATER WITHDRAWAL</b>	1223	0	949	0	

### Water discharge

WATER DISCHARGE BY DESTINATION	2021		2020		Δ % 20-21
	all areas	water stress areas	all areas	water stress areas	
Groundwater (total) m3	1223	0	949	0	29%
of which fresh water (≤ 1,000 m3 total dissolved solids)	1223	0	949	0	29%
of which other water (> 1,000 m3 total dissolved solids)	0	0	0	0	0
<b>TOTAL DISCHARGES</b>	1223	0	949	0	

### Other emissions

	unit of measurement	2021 production	2020 production	Δ % 20-21
VOCs (Solvents)	KG	0	0	0
powders	KG	0	0	0

### Waste

DISPOSAL METHODS	unit of measurmen t	2021			2020			
		TOTAL	Hazardou s	Non- hazardou s	unit of measurmen t	TOTAL	Hazardou s	Non- hazardou s
<b>Aluminium</b>	<b>Kg</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Kg</b>	<b>490</b>	<b>0</b>	<b>490</b>
recovered	Kg	0	0	0	Kg	490	0	490
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Iron</b>	<b>Kg</b>	<b>2520</b>	<b>0</b>	<b>2520</b>	<b>Kg</b>	<b>3840</b>	<b>0</b>	<b>3840</b>
recovered	Kg	2520	0	2520	Kg	3840	0	3840
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Plastic</b>	<b>Kg</b>	<b>2010</b>	<b>0</b>	<b>2010</b>	<b>Kg</b>	<b>280</b>	<b>0</b>	<b>280</b>
recovered	Kg	2010	0	2010	Kg	280	0	280
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Copper cables under rubber</b>	<b>Kg</b>	<b>6316</b>	<b>0</b>	<b>6316</b>	<b>Kg</b>	<b>3730</b>	<b>0</b>	<b>3730</b>
recovered	Kg	6316	0	6316	Kg	3730	0	3730
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Copper</b>	<b>Kg</b>	<b>1672</b>	<b>0</b>	<b>1672</b>	<b>Kg</b>	<b>1315</b>	<b>0</b>	<b>1315</b>
recovered	Kg	1672	0	1672	Kg	1315	0	1315
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Toner</b>	<b>Kg</b>	<b>45</b>	<b>0</b>	<b>45</b>	<b>Kg</b>	<b>20</b>	<b>0</b>	<b>20</b>
recovered	Kg	45	0	45	Kg	20	0	20
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Lead batteries</b>	<b>Kg</b>	<b>5080</b>	<b>0</b>	<b>5080</b>	<b>Kg</b>	<b>8475</b>	<b>0</b>	<b>8475</b>
recovered	Kg	5080	0	5080	Kg	8475	0	8475
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Oil filters</b>	<b>Kg</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>Kg</b>	<b>0</b>	<b>0</b>	<b>0</b>
recovered	Kg	7	0	7	Kg	0	0	0
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Out-of-order equipment</b>	<b>Kg</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Kg</b>	<b>440</b>	<b>0</b>	<b>440</b>
recovered	Kg	0	0	0	Kg	440	0	440
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Spent oil</b>	<b>Kg</b>	<b>131</b>	<b>0</b>	<b>131</b>	<b>Kg</b>	<b>0</b>	<b>0</b>	<b>0</b>
recovered	Kg	131	0	131	Kg	0	0	0
disposed of	Kg	0	0	0	Kg	0	0	0
<b>Nickel-cadmium batteries</b>	<b>Kg</b>	<b>2039</b>	<b>0</b>	<b>2039</b>	<b>Kg</b>	<b>0</b>	<b>0</b>	<b>0</b>
recovered	Kg	2039	0	2039	Kg	0	0	0
disposed of	Kg	0	0	0	Kg	0	0	0

<b>Electrolytes from batteries and accumulators</b>	<b>Kg</b>	<b>90</b>	<b>0</b>	<b>90</b>	<b>Kg</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>recovered</i>	Kg	90	0	90	Kg	0	0	0
<i>disposed of</i>	Kg	0	0	0	Kg	0	0	0
<b>Components removed from equipment</b>	<b>Kg</b>	<b>570</b>	<b>0</b>	<b>570</b>	<b>Kg</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>recovered</i>	Kg	570	0	570	Kg	0	0	0
<i>disposed of</i>	Kg	0	0	0	Kg	0	0	0
<b>TOTAL</b>	<b>Kg</b>	<b>20480</b>		<b>20480</b>	<b>Kg</b>	<b>18590</b>		<b>18590</b>

### Energy consumption

TYPE OF CONSUMPTION AND EMISSIONS	2021	2020	Δ % 20-21
<b>Outsourced electricity (KWh)</b>	1008900	940000	7.33%
<b>Renewable sources (%)</b>	39%	39%	
<b>Coal (%)</b>	9%	7%	
<b>Natural gas (%)</b>	47%	49%	
<b>Nuclear (%)</b>	4%	4%	
<b>Oil products (%)</b>	1%	1%	
<b>Natural Gas (SCM) for heating and production processes</b>	36258	32500	11.56%
<b>LPG (m3) for heating and production processes</b>	0	0	
<b>Diesel (L) for heating and production processes</b>	0	0	

### Energy consumption from corporate mobility

Consumption from corporate and rental fleet	2021		2020		Δ % 20-21
	km travelled	Consumption (L - Diesel)	km travelled	Consumption (L - Diesel)	
	136594	9106.27	78429	5228.60	74%
<b>Process logistics (transfers for processing and return)</b>	2021		2020		Δ % 20-21
	km travelled	Consumption (L - Diesel)	km travelled	Consumption (L - Diesel)	
	10798	719.87	9336	622.40	16%

## CONSUMPTION

### Materials

MATERIALS USED		2021			2020		
		TOTAL	FROM NON-RECYCLED SOURCES	FROM RECYCLED SOURCES	TOTAL	FROM NON-RECYCLED SOURCES	FROM RECYCLED SOURCES
<b>plastic packaging</b>	Tonnes	7.2	90/95%	10/15%	8.7	90/95%	10/15%
<b>wood</b>	Tonnes	205	100%	0%	294	100%	0%
<b>paper and cardboard consumables</b>	Tonnes	8.2	100%	0%	9.8	100%	0%
<b>TOTAL</b>	<b>Tonnes</b>	<b>220.4</b>	<b>0</b>	<b>0</b>	<b>303.8</b>	<b>0</b>	<b>0</b>

## SUPPLIERS

### Number of suppliers divided by importance

TYPE	DESCRIPTION	2021
partner suppliers	add value to the company's product	29
system suppliers	recurring but not exclusive	67

### Breakdown of partner suppliers by certifications

Total qualified suppliers	ISO 9001	ISO 14001	ISO 45001	IRIS
29	22	11	6	4

### Breakdown of partner and system suppliers by duration of the relationship

	2021
<i>New (total active in 2021)</i>	96
<i>New 2021</i>	5
<i>relationship from 2 to 5 years</i>	13
<i>relationship longer than 5 years</i>	78

### Territorial subdivision

<b>Abroad</b>		9
<b>Italy</b>		87
<b>Regions</b>		
	Lombardy	33
	Tuscany	18
	Veneto	11
	Emilia-Romagna	6
	Piedmont	5
	Liguria	4
	Marche	3
	Lazio	2
	Umbria	2
	Trentino	1
	Campania	1
	Abruzzo	1
<b>TOTAL</b>		96

# 7

## Methodological notes





CEG GROUP's first Sustainability Report was drafted using the **GRI Standards** defined by the Global Reporting Initiative.

The purpose of this document, which has been prepared in accordance with the GRI Standards - Core Option - is to communicate the company's contribution to the sustainable development of society and to report on its main economic, environmental and social impacts, based on a rational selection of the indicators proposed by the GRI in accordance with the company's operational and management characteristics.

In preparing the Sustainability Report, the **International Integrated Reporting Council (IIRC)** approach has been followed wherever possible, with particular reference to the definition of the financial, infrastructural, human, intellectual, relational and environmental capital managed by the company.

Other internationally recognised guidelines for non-financial reporting (Task Force on Climate-related Financial Disclosures - **TCFD**) have also been considered where relevant, as well as the Sustainability Accounting Standards Board (**SASB**) industry standards.

Pending formal EU legislation on the subject, the documents (exposure drafts) defined by the **EFRAG** (European Financial Reporting Advisory Group), as well as those defined by the **ISSB** (International Sustainability Standard Board), were also considered.

The document has been prepared in accordance with the **Content Reporting Principles** (Stakeholder inclusiveness, Sustainability context, Materiality, Completeness) and the **quality** reporting principles (Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability).

The implementation of the project involved a stable group of people within the company and included:

- » a benchmark analysis of industry players;
- » a discussion with internal stakeholders aimed at identifying material issues;
- » the definition of a matrix of material issues consistent with the company's mission and with the main applicable SDGs;
- » the definition of a content index based on qualitative and quantitative information consistent with the use of economic, environmental and social GRI indicators;
- » the collection and systematisation of qualitative and quantitative data relating to the KPIs for the 2021 financial year.

Unless otherwise indicated, the scope of the report corresponds to the legal and operational control of CEG Elettronica Industriale S.p.A. companies.

The Sustainability Report is produced on an annual basis.

The reported information and data refer to the **2021** financial year.

Comparative data are provided where it was possible to obtain them (with reference to the previous year).

The Data Summary at the end of this report is an integral part of the report and links the topics covered in the text to the specific performance indicators.

The working group which enabled the preparation of this report consists of the following members: Chiara Ferri, Edoardo Ciabatti, Martina Canaccini, Carlo Paris, Maurizio Cisi, Alice Centrone, Davide Lascialfari and Angelo Sirri.

GRI	REFERENCES
Disclosure 102-1 Organization details	Introduction – page 4
Disclosure 102-2 Activities, brands, products and services	Introduction – page 4
Disclosure 102-3 Location of headquarters	Introduction – page 4
Disclosure 102-4 Location of operations	Introduction – page 4
Disclosure 102-5 Ownership and legal form	Introduction – page 4
Disclosure 102-6 Markets served	Introduction – page 4
Disclosure 102-7 Scale of organization	Employment and workplace policies - page.; Value 47 creation and distribution – page 32
Disclosure 102-8 Information on employees and other workers	Employment and workplace policies – page 47
Disclosure 102-9 Supply chain	Introduction – page 4
Disclosure 102-14 Statement from a senior executive	Governance Letter – page 2
Disclosure 102-15 Key impacts, risks, and opportunities	Risk Analysis and Management – page 21
Disclosure 102-16 Values, principles, standards and norms of behaviour	Our Approach to Sustainability - page. 60; Ethics and Compliance – page 10; CEG and the United Nations Sustainable Development Goals - page 18
Disclosure 102-17 Mechanisms for seeking advice and raising concerns on ethical issues	Ethics and compliance – page 10
Disclosure 102-18 Governance structure	Sustainability Governance – page 9

<b>GRI</b>	<b>REFERENCES</b>
Disclosure 102-20 Executive responsibility on economic, environmental, and social topics	Sustainability Governance – page 9
Disclosure 102-21 Consultation of stakeholders on economic, environmental, and social issues	Stakeholders and engagement- page 12
Disclosure 102-30 Effectiveness of risk management processes	Risk Analysis and Management – page 21
Disclosure 102-32 Role of the highest governance body in sustainability reporting	Sustainability Governance – page 9
Disclosure 102-40 List of stakeholder groups	Stakeholders and engagement- page 12
Disclosure 102-41 Collective Bargaining Agreements	Employment and workplace policies - page 47
Disclosure 102-42 Identifying and selecting stakeholders	Stakeholders and engagement- page 12
Disclosure 102-43 Approach to stakeholder engagement	Stakeholders and engagement- page 12
Disclosure 102-45 Entities included in the consolidated financial statements	Methodological notes – page 66
Disclosure 102-46 Defining report content and topic boundaries	Methodological notes – page 66
Disclosure 102-47 List of material topics	Materiality analysis – page 14
Disclosure 102-50 Reporting period	Methodological notes – page 66
Disclosure 102-52 Reporting frequency	Methodological notes – page 66
Disclosure 102-53 Contact point for questions regarding the report	Methodological notes – page 66
Disclosure 102-54 Statement on reporting in accordance with GRI Standards	Methodological notes – page 66

**GRI****REFERENCES**

Disclosure 102-55 GRI content index	Methodological notes – page 66
Disclosure 103-1 Explanation of the material topic and its boundary	Materiality analysis – page 14
Disclosure 103-2 The management approach and its components	Materiality analysis – page 14

**GRI 201: Economic performance**

Disclosure 201-1 Economic value directly generated and distributed	Generation and distribution of economic value – page 32
Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	Risk Analysis and Management – page 21
Disclosure 203-2 Significant indirect economic impacts	Generation and distribution of economic value – page 32
Disclosure 204-1 Proportion of spending on local suppliers	Data summary – page 61
Disclosure 205-2 Communication and training about anti-corruption policies and procedures	Ethics and Compliance – page 10
Disclosure 205-3 Confirmed incidents of corruption and actions taken	There were no incidents of corruption in 2021.

**GRI 301: Environmental performance**

Disclosure 301-1 Materials used by weight or volume	Data summary – page 61
Disclosure 301-2 Recycled input materials used	Data summary – page 61
Disclosure 302-1 Energy consumption within the organization	Energy management – page 37
Disclosure 302-2 Energy consumption outside of the organization	Energy management – page 37

<b>GRI</b>	<b>REFERENCES</b>
Disclosure 302-4 Reduction of energy consumption	Energy management – page 37
Disclosure 303-1 Interactions with water as a shared resource	Water resources management page 41
Disclosure 303-3 Water withdrawal	Water resources management page 41
Disclosure 303-4 Water discharge	Water resources management page 41
Disclosure 305-1 Direct (Scope 1) GHG emissions	Greenhouse gas emissions – page 38
Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	Greenhouse gas emissions – page 38
Disclosure 305-5 Reduction of GHG emissions	Greenhouse gas emissions – page 38
Disclosure 306-2 Waste by type and disposal method	Waste management – page 43
Disclosure 306-3 Significant spills	Waste management – page 43
Disclosure 307-1 Non-compliance with environmental laws and regulations	In 2021, there were no non-compliances with environmental laws and regulations
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	Greenhouse gas emissions – page 38; Water resources management page 41

## **GRI 401: Social performance**

401-1 Disclosure - New employee hires and employee turnover	Data summary – page 61
Policy 403-1 Occupational health and safety management system	Health and Safety – page 52
Policy 403-2 Hazard Identification, Risk Assessment and Incident Investigation	Inclusion and Diversity – page 50



**GRI****REFERENCES**

Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	Inclusion and Diversity – page 50
Policy 403-5 Worker training on occupational health and safety	Enhancement of human capital – page 54
Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Inclusion and Diversity – page 50
Disclosure 403-8 Workers covered by an occupational health and safety management system	Inclusion and Diversity - page.50; Data summary – page 61
Disclosure 403-9 Work-related injuries	Inclusion and Diversity - page.50; Data summary – page 61
Disclosure 403-10 Work-related ill health	Inclusion and Diversity - page.50; Data summary – page 61
404-1 Average hours of training per year per employee	Enhancement of human capital – page 54; Data summary – page 61
405-1 Disclosure Diversity of governance bodies and employees	Inclusion and Diversity – page 50
Disclosure 406-1 Incidents of discrimination and corrective actions taken	Inclusion and Diversity – page 50
Information 414-2 Negative social impacts in the supply chain and actions taken	Respect for human rights – page 55

## Reporting principles

The principles that guided the drafting of this document refer to internationally recognised best practice.

In particular, the efforts made were aimed at applying the following principles:

» **Stakeholder Engagement**

Everyone who is affected by our business and everyone who influences our business is a stakeholder. We have defined each stakeholder group and the methods currently used to engage them on issues within their remit, including ESG issues.

» **Sustainability Context**

Our Sustainability Report explains the context in which we operate and presents our sustainability performance in relation to both business results and global sustainable development issues, taking into account the Paris Agreement and the United Nations Sustainable Development Goals.

The report also shows how our long-term strategy relates to material economic, environmental and social issues, risks, opportunities and goals, taking into account the entire value chain.

» **Materiality**

In order to report comprehensively on the issues we consider relevant and to clearly explain our approach, we have engaged a number of stakeholders to define our materiality matrix, which is illustrated on page .... of this document.

» **Completeness**

The document fully reports on the issues considered material in relation to the activity carried out by the company. A summary of the topics reported is provided at the end of the document with reference to the GRI requirements.

» **Accuracy**

We report our performance for 2021 in a clear, consistent and transparent manner.

» **Balance**

We aim to present information in a way that allows the reader to assess performance trends year on year, regardless of whether our performance is positive or negative. In our reporting, we strive to present a balanced view of our impacts as defined by our stakeholders.

» **Clarity**

Our sustainability journey has been made as clear as possible so that it can be evaluated not only by industry experts, but also by the widest possible audience. For this reason, the Sustainability Report is made available on our website <https://www.cegelectronica.com/it/>

## Glossary

### > Carbon Footprint

The carbon footprint is a measure that represents, in CO<sub>2</sub> equivalent, the total greenhouse gas emissions associated directly or indirectly with a product, organisation or service. According to the Kyoto Protocol, the greenhouse gases to be included are: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, sulphur hexafluoride and perfluorocarbons. tCO<sub>2</sub>e (tonne of CO<sub>2</sub> equivalent) allows expressing the greenhouse effect produced by these gases in relation to the greenhouse effect produced by CO<sub>2</sub>, which is considered equal to 1. Measuring the carbon footprint of a product or process requires, in particular, the identification and quantification of the consumption of raw materials and energy at selected stages in the life cycle of the product/process.

### > Carbon (or Climate) Neutrality

The term carbon neutrality refers to the result of a process of quantification, reduction and offsetting of CO<sub>2</sub> emissions by products, services and organisations. Achieving carbon neutrality means achieving a balance between emissions and carbon absorption.

### > Climate Change Risks

The risk that businesses and government agencies face due to climate change and that affects natural and human systems. The risk can arise both from the impacts of climate change and from the outcomes of human reactions to climate change. An effective way of dealing with this type of risk is to reduce vulnerability by means of a climate-smart decision-making process. Climate change risks include physical risks, litigation risks, reputational risks, shareholder risks, regulatory risks and competition risks.

### > Offset

CO<sub>2</sub> offsetting is an activity that aims to offset the emissions of carbon dioxide (CO<sub>2</sub>) or other greenhouse gases measured in carbon dioxide equivalent (CO<sub>2</sub>e). Offsetting is done by reducing emissions elsewhere. The offsetting usually takes place through the purchase of carbon credits, which are worth a ton of CO<sub>2</sub>e each and are certified by third parties that guarantee their value. Forestry or renewable energy development projects are offsetting methods.

The carbon neutrality of a company or a nation cannot be achieved solely through offsetting, which must support actions to reduce emissions.

### > Scope 1 emissions

Direct greenhouse gas (GHG) emissions are direct emissions from owned or controlled sources: for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled processing equipment (Source: GHG Protocol).

### > **Scope 2 emissions**

Scope 2 s are indirect greenhouse gas emissions from the generation of energy purchased and consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought within the organizational boundaries of the business. Scope 2 emissions are physically produced in the plant where the electricity is generated (Source: GHG Protocol).

### > **ESG**

ESG factors are specific characteristics of risks and opportunities related to environmental, social and governance issues.

Financially relevant ESG considerations are beginning to be integrated into the decision-making process, not only in the context of risk mitigation, but also as a strategic consideration to remain competitive and drive innovation.

Investors understand the value of integrating ESG factors into their investment decisions to mitigate risks and uncover opportunities.

### > **Sustainable governance**

Governance means rules of conduct. In order to talk about sustainable governance, a number of elements must be present within the organisation, including accountability, transparency, participation (i.e. the ability of citizens and stakeholders to be involved in the decision-making process) and the internalisation of the externalities created.

Good governance entails a clear commitment to sustainable development, including through the pursuit of the SDGs and the use of reporting systems capable of capturing aspects related to social and environmental sustainability of different entities, both private and public.

### > **GRI**

The Global Reporting Initiative is an international non-profit organization, created with the aim of defining standards to allow any organisation to report on its economic, environmental and/or social impacts (including along the entire supply chain).

In 2016, it created a globally recognised reporting framework consisting of the GRI Sustainability Reporting Standards.

They can be used by organisations of any size, sector or country in the world and consist of 3 universal standards and 3 sets of specific standards for economic, environmental and social performance (GRI 200, 300 and 400 respectively). They are the most widely used sustainability reporting standards in the world.

### > **SDGs**

The acronym SDGs refers to the Sustainable Development Goals, which are the goals for sustainable development included in the 2030 Agenda. They were set by the UN in 2015 with the aim of achieving them by 2030.

There are a total of 17 goals (divided into 169 targets) that relate to sustainable development, i.e. “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”, and aim to reconcile the three dimensions of economic growth, social inclusion and environmental protection.

The SDGs have universal validity, so all countries must make a contribution to achieve them according to their capabilities.

### > Stakeholder

Entities or individuals that can reasonably be expected to be significantly affected by the company's activities, products and services, or whose actions can reasonably be expected to affect the company's ability to successfully implement its strategies and achieve its objectives (Source: Standard GRI).

### > Stakeholder Engagement

Stakeholder engagement is the process by which an organisation involves people who may be affected by the decisions it makes or who may influence the implementation of its decisions. Stakeholder engagement is therefore the systematic activity of involving an organisation's key stakeholders. The dialogue with stakeholders revolves around "material" issues, i.e. those elements that are relevant both to the organisation itself and to the subjects being consulted.

In all organisations, whether in the public or private sector, it is crucial to understand in depth the emerging trends (criticalities and opportunities) in the reference context in which the organisation lives and operates, and to identify in a timely manner the issues in which investment should be prioritised. Dialogue with its stakeholders is essential to act in response to existing expectations. In particular, the quality of the relationships ("relational capital") established with the different stakeholders and the experiences (present and past) observed by them influence the alignment between promises (value propositions), expectations, actions and perceptions.

### > Supply chain

Supply chain means the management of the entire distribution chain, with particular reference to logistics and the relationship with suppliers.

It is mainly based on forecasting, planning and coordinating the flow of goods and the expectations of the end customer.

### > TCFD

The Task Force on Climate-Related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) in 2015 to develop consistent reporting on climate-related financial risks for use by companies, banks and investors in informing stakeholders. Increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to a better understanding of climate risks, and facilitate the financing of the transition to a more stable and sustainable economy.

### > Tonne of CO2 equivalent

Unit of measurement that allows different greenhouse gas emissions with different climate impacts to be weighed together.

For example, a tonne of methane, which has 21 times the global warming potential of CO<sub>2</sub>, is accounted for as 21 tonnes of CO<sub>2</sub> equivalent.

### > Value Chain

The value chain refers to the set of business activities and processes required to create and sell a product or service, and therefore includes the various stages from idea to market, from design to distribution and after-sales services, through procurement (raw materials, semi-finished products, components, equipment, etc.), production, marketing, sales and distribution. Every step, every link in the chain adds value to the product or service offered.







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