

Sustainability Report 2023



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Letter to stakeholders

Here we are at the drafting of the 6th Sustainability Report referring to the year 2023, a period characterized by various complicated events, which did not prevent us from achieving satisfactory results.

Last year was already characterized by the onset of a war conflict, the Russian-Ukrainian one, which destabilized global scenarios, leading the world economy towards important speculative maneuvers, especially in the energy field and which led to significant increases in both inflation and interest rates, thus triggering a slowdown in orders.

In this context, we certainly cannot forget the tragic flood events that occurred in our Region in May 2023, which brought record rainfall, a huge number of flooded rivers and waterways, victims and extensive damage to homes, businesses and territories. With damages estimated at tens of billions of euros. The flood event, although not strictly affecting our real estate perimeter, however hit many of our employees, some by landslides, some by the flood itself, with significant damage to their homes or cars. As a group and facing our cooperative spirit, we immediately implemented direct actions to help our community, trying to give

our concrete, material and economic contribution.

In particular, we granted a week of free time to employees located in Lower Romagna and granted different forms of economic aid. We also supported the Civil Protection and the Environmental Guard Corps of the Imola section with specific donations.

This tragic climate event pushes us even more to work towards a more sustainable future and to confirm our path oriented towards **environmental, social and economic** sustainability in order to increasingly integrate it into our business models.

In fact, we are increasingly trying to seize all the opportunities to achieve the objectives of the UN Agenda 2030, by making them concrete and tangible. In particular, we believe that **Fuel Cell** systems represent a concrete step towards the **energy transition**, as they are technological solutions that can lead from an economy based on the use of fossil fuels to a greener economy. Just last October, we installed the first Fuel Cell cogeneration plant in Europe in our headquarters for the production of electricity and heat, without harmful emissions

into the atmosphere. We have thus made the path towards **decarbonization** effective, which is fundamental for achieving the 2030 climate objectives and realizing the European Union's long-term strategy, which aims to achieve carbon neutrality by 2050.

In **social sustainability**, our Governance model and our mission of "creating value over time" has the objective of redistributing as much wealth as possible, both in the territories in which we operate and towards our People, with a continuous commitment to creating the best workplace in terms of comfort and providing the best possible services.

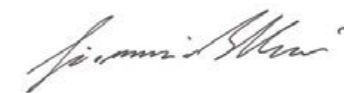
From the point of view of **financial sustainability**, we were supported by positive cash management, thus managing to generate extremely flattering economic values, with firm maintenance of our businesses and great attention to costs.

All this would not have been possible without the great commitment that our People put into their work every day, thus allowing the company to grow, improve and further develop our value towards our stakeholders

and thus integrating our choices towards a sustainable future.

We are therefore proud to present this Sustainability Report, a fundamental tool for continuously improving ourselves and planning an ethical, inclusive and sustainable future, capable of satisfying the needs of the present generation, without compromising the possibility that future ones will be able to satisfy their own, in full respect of our common future.

Gianmaria Balducci
Cefla BoD President




5.5% increase in **ECONOMIC VALUE GENERATED** COMPARED TO 2022



5.2% increase in **ECONOMIC VALUE DISTRIBUTED** COMPARED TO 2022




> **97%** of **EMPLOYEES** have an **OPEN-ENDED CONTRACT**




Support for employees who were victims of the flood in Emilia-Romagna

> **733** patents



> **-10.5% GHG EMISSIONS INTENSITY**

location-based e **-9.6%** market-based



> **-27%** of **WASTE PRODUCED**



13.5 M euros invested in **R&D**

First exercise of identifying material topics according to the **dual materiality** approach



Methodological note

Cefla Group's (hereinafter also "the Group" or "Cefla") Sustainability Report responds to the need to provide non-financial reporting with which to highlight social information relating to personnel, human rights, health and safety, as well as environmental information related to water, energy, emissions and waste.

This document, drawn up annually, is aimed at all types of stakeholders – citizens, public bodies, public administration, schools, trade associations, etc. – and for this reason, in the editorial choice, it was written by adopting a clear and simple language and presenting the data using graphs and tables, in order to make it more understandable and interactive. The indicators representing the results reflect the measurement of performance, regardless of its positive or negative trend. Furthermore, the data present in the document was processed and provided by the function Managers.

This Sustainability Report delineates the initiatives and results of the 2023 financial year (period from January 1 to December 31, 2023) in the economic, social and environmental fields. In line with the principle of comparability, the data and information have also been indicated for the previous two years,

with some exceptions reported in the text. It should also be noted that, with a view to the gradual inclusion of all Group companies within the reporting perimeter, the indicators relating to 2023 refer to a different perimeter, compared to that of previous years. Therefore, although the data is reported for the three-year period, the trends emerging from their comparison are conditioned by this change.

The scope of the 2023 Sustainability Report includes: Cefla S.C., Cefla Gest, Cefla Tech, C-LED, BIOSAF IN, Elettromeccanica FER, Exalens, Cefla Deutschland, Duespohl Maschinenbau, Cefla Finishing Equipment (Suzhou), Cefla North America, Stern Weber Polska. Within the document, therefore, "Cefla Group" refers to the reporting perimeter just identified. In case of further perimeter limitations, these limitations are duly indicated in the text.

It should also be noted that, for the specific "Health and safety at work" section and the "Environmental information" chapter, the reporting perimeter includes only the Italian companies (Cefla S.C., Cefla Gest, Cefla Tech, C-LED, BIOSAF IN, Elettromeccanica FER, Exalens).

This Sustainability Report is drawn up according to the guidelines of the GRI Universal Standards published on October 5, 2021 by the Global Reporting Initiative (GRI), following the "in accordance with GRI Standards" option.

With a view to progressive alignment with the Corporate Sustainability Reporting Directive (CSRD), the contents of the document have been reorganized in order to reflect the structure proposed by the new reporting standards (European Sustainability Reporting Standard – ESRS). For this reason, the 2023 Sustainability Report includes the four disclosures which, in accordance with the provisions of Appendix F of the ESRS 1, will collectively constitute the "Sustainability Statement": "General information", "Environmental information", "Social Information" and "Governance Information".

The process of collecting and processing data and information was managed by creating a working group made up of the managers of all the areas involved and falling within the reference perimeter.

The document deals with sustainability issues linked to the Group's most significant impacts, risks and opportunities, identified

on the basis of the first dual relevance analysis exercise. In this way, the document allows us to frame the type of activity conducted by the company in a broader context, identifying the relevant aspects for the sector and the territorial area of reference according to a "forward-looking" approach.

Cefla's 2023 Sustainability Report was approved by the Board of Directors and the General Manager on **24/06/2024**.

Cefla's 2023 Sustainability Report will not be subject to external audit.

The Sustainability Report is also disseminated via the internet on the website www.cefla.com.

Below are the contact details for requesting any information contained in this document:

Cefla S.C.
Via Selice, 23/a
40026 Imola (BO)
ceflaimola@cefla.it

01 Cefla since 1932

01.1 History

Cefla is a company made up of three Business Units, each with its own history of successes and products, processes and innovations, but with a common improvement project in which relationships and talents support each other to achieve excellence and the satisfaction of all customers and stakeholders.

“We have established ourselves, year after year, because we live your goals as if they were our own: when satisfaction is shared, it is worth much more.”

Cefla has grown, established itself and maintained its roots to become today a large multi-business group that has made its heterogeneity a strong point.

Today Cefla is a solid identity, operating internationally in different businesses, which believes in the values of sharing, involvement and doing business with people; it is close to the territories in which it invests, giving strength to the group and reliability to its customers.

Cefla’s Business Units bring together skills and capabilities to achieve objectives in their respective contexts, united by a common project in which networks of relationships and talents complement and support each other. This is the strength of working together: a valuable legacy, a baton to be passed on to each new generation.



Cefla’s journey began on May 4, 1932, when 4 tinsmiths, 3 plumbers and 2 electricians founded the ‘Cooperativa Eletttricisti, Fontanieri, Lattonieri e Affini’ in Imola

In the same year the Engineering Business Unit was born.



Debut of the store furnishing business.



Birth of Cefla Finishing Group, today Business Unit Finishing

Start of Cefla’s internalization process.

Birth of Cefla Dental Group, now CEFLA MEDICAL EQUIPMENT Business Unit.

Cefla consolidates its leading role in the four business sectors.

Birth of C-LED, targeting the business of LED lighting, lighting technology, Growing and wireless connectivity.

Debut of Cefla’s new Tagline: “Making Your Life Better”

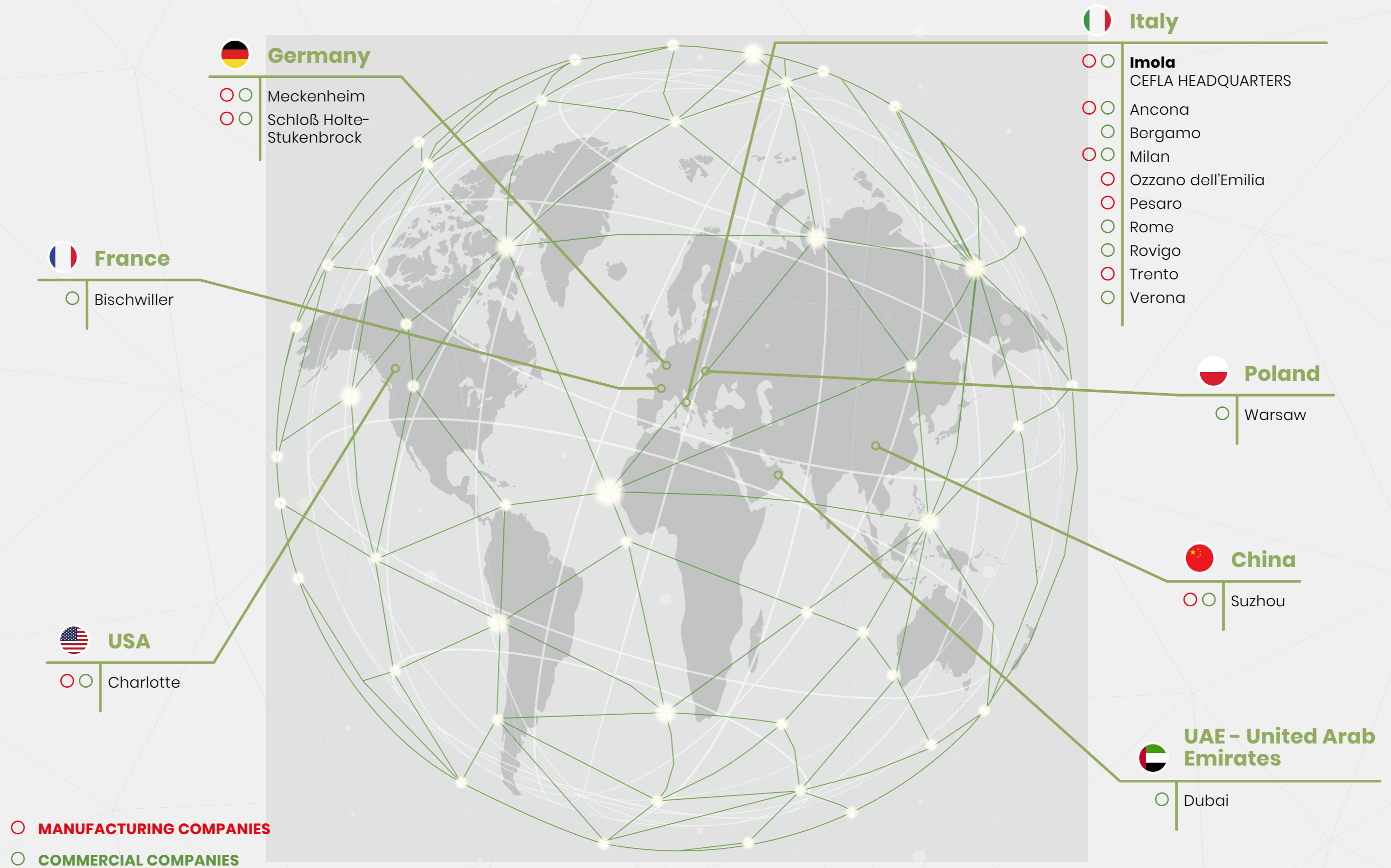
Cefla turns 90.



Cefla’s journey continues. Step by step, from Imola we have arrived everywhere, becoming an international reality.

Always looking ahead, to the next destination, studying the way to improve people’s lives

Cefla in the World



01.2 Corporate values and mission

Vision

“Discover new solutions and different markets with the best skills to help our customers improve people’s quality of life.”

We want to be an Italian group, strong in its history, that manages to be close to people’s needs and their requirements, bringing value over time to all stakeholders. We are always looking for new and different markets with the aim of being the point of reference for the excellence of the benefits provided in the various businesses in which we are present.

Mission

“Creating value over time”

This is the spirit that moves us towards the future every day, through product innovation and process evolution with the desire to always find a benefit for the consumer. With a relentless and systemic pursuit of excellence, we have been guided by the idea of continuous improvement since 1932 and, every day, we create value and well-being in every business. The growth drivers that underpin our mission are the ability to anticipate the market, to create tangible benefits and the courage to invest in the future.

Cefla pursues its Mission with a view to continuous improvement through precise values:

- **PEOPLE:** Protagonists of our long history. Our People are the protagonists of

change and, thanks to their inclination to learn new things and their courage in facing challenges, they are the growth engine of our Group.

- **EXCELLENCE OF OUR PRODUCTS AND SERVICES:** We create excellent products and solutions that guarantee the maximum results in terms of technology, innovation and benefit.
- **STRENGTH OF DOING TOGETHER:** We have always believed in the strength of “doing together”, which has guided us in the continuous involvement of people for over 90 years.
- **ONGOING PASSION AND RESPECT:** People are our greatest asset. Their passion and competence contribute every day to achieving our objectives and building our future..
- **RELIABILITY, TRANSPARENCY AND TRUST:** Loyalty and trust are the basis of our daily actions. Our behavior is based on full availability and transparency towards the Group and towards all interested parties, with whom we deal daily.
- **CONTINUOUS IMPROVEMENT, INNOVATION AND CREATIVITY:** We believe in continuous improvement as a combination of skills and new ideas.
- **BOND AND CLOSENESS TO THE TERRITORY:** The bond with our origins is the guarantee of the presence and proximity to our territory of origin.

“Making Your Life Better” is a promise, which means improving people’s lives and occupying a space in the minds of consumers.

“Making” refers first and foremost to Cefla, to the ability of the company’s people “to make”, and tells of the manufacturing tradition that has accompanied the entire company population for decades. ‘Making’ also means ‘rendering’, i.e. transforming something into something else. Thus, Cefla “makes something” and, at the same time “makes it something else”.

“Your Life” means those to whom Cefla addresses: “your life” is the life of each of the company’s interlocutors, especially the end consumers. Cefla addresses them directly, seeking to create an intimate, daily relationship.

“Better” is the effect this relationship is intended to produce: an improvement. An improvement that manifests itself in people’s lives in different ways, thanks to the use value of Cefla’s products.

01.3 Business Unit

Cefla is an industrial group active in different production fields. For each one, there is a dedicated Business Unit:

ENGINEERING | FINISHING | MEDICAL EQUIPMENT

Business Units, along with the C-Led compa-

ny, have their own specific history, products and processes, but they are united by the same mission: to understand in advance which type of innovation will bring an advantage to the consumer, realize it quickly and put it to customer arrangement

BUSINESS UNIT ENGINEERING

“Technologies to enhance your wellbeing”



The Business Unit Engineering deals with the design, construction and management of technological systems in the civil, industrial and energy sectors - with studies

of feasibility and basic design, engineering and technological design, construction and maintenance - and is divided into 3 Business Lines.



The B.L. EPC CONTRACTING takes care of the management of large, complex works, of international prestige and importance – such as Teatro alla Scala, EXPO 2015, the Porta Nuova complex and the Allianz Tower in Milan, Galleria degli Uffizi in Florence, M9 - Museo del Novecento in Mestre – where technologies are aimed at creating solutions that improve the quality of people’s lives and are functional to environmental protection.

With the B.L. GLOBAL SERVICE, through a highly specialized maintenance engineering partnership, we support customers in the management of their goods from a Full and Global Service perspective, in the industrial, managerial, infrastructure, historical-artistic and contract fields, as well as for production and process plants. Our commitment is increasingly aimed at the computerization and the digitization of services, thus allowing the customer to have each variable under control.



The B.L. ENERGY has been dealing with the building of cogeneration and trigeneration plants, today also through the **Fuel Cells**, for almost forty years, as well as with heat recovery and purification of gas flows, capacity market up to the large district heating plants, that give light and heat to hundreds of thousands of people.

BUSINESS UNIT FINISHING

“The most trusted surface finishing partner, in everything you see”



Cefla Finishing makes life easier, more comfortable and more enjoyable for millions of people. It does so through innovative technologies to improve the aesthetics, comfort and functionality of many popular products of daily life. The Business Unit has been specialized for over 60 years in surface finishing and manufactures painting machines and systems, industrial digital printing, decoration and coating, designed “turnkey” for the wood, glass, plastic, ceramic, fibre cement, composite materials and metal markets.

From the simplest machine to the most complex finishing line, the B.U. offers a wide range of systems designed to meet productivity needs and efficiency of various industrial sectors, including the furniture and construction, the automotive and aerospace industries ones.

Combining vocation for excellence, orientation to competitiveness and respect for the environment, the Business Unit Finishing applies its own knowledge to different contexts, offering integrated solutions, calibrated to the objectives of companies. In addition to a constant and attentive dialogue, proximity to customers is also ensured from a capillary worldwide distribution network and from the presence of production plants in Italy, Germany, USA and China. The long experience in finishing, the numerous patents held and the ongoing digitization process – able to reap the benefits of Industry 4.0 – help offer customers unique opportunities to project their business in the future and end consumers tangible benefits to enjoy every day.

BUSINESS UNIT MEDICAL EQUIPMENT

“The most recognized provider of CBCT imaging and dentistry solutions, chosen to deliver a high-quality healthcare experience”



The Business Unit Medical Equipment supports professionals through all the clinical phases of their activity with an offer of dental units, intra- and extra-oral, 2D and 3D digital radiology, diagnostic and image management software, dynamic instrumentation, sterilization systems and medical devices for implantology and oral surgery. Technological evolution and strong customer orientation are the hallmarks of a continuously growing group, that has conquered leadership positions through a multi-brand entity. As the first European manufacturer of dental units and dental supplies, Cefla Medical Equipment implements design and industrial synergies to ensure products that meet the best quality standards in all areas of expertise.

The Business Unit Medical Equipment positions itself as a global partner for doctors and radiologists eager to grow professionally, offering safety and well-being to patients, through the best standards of treatment and prevention. The fundamental guidelines are respect for the person, efficiency and the creation of value for the customer. All this is expressed by operating at an international level, providing a close-to-the-user technical assistance service, enhancing capillary distribution partnerships and developing new markets. Anthos, Castellini, Stern Weber, My-Ray, NewTom, Mocom and BioSAFin are the brands that establish the excellence of the Business Unit. Behind each brand there are precise values and a unique story: a leading industrial organization, with global perspectives and specific territorial skills.

GROUP COMPANY: C-LED

“Customised solutions for LED and industrial application”.



C-LED is the leading manufacturer of innovative LED-powered technologies and solutions.

The company is specialized in the design and manufacture of electronic applications, customized lighting solutions, wireless connectivity systems and UV LED technology solutions. The areas of expertise range from the industrial sector to retail and from lighting systems for

horticulture to public lighting.

Among the most recent innovations, the creation of lights for growing plants in greenhouses and through vertical farming really stands out: studying the effect, intensity and colour of light on the plants growth, C-LED has perfected high-tech lamps ideal for every type of production, in different contexts.



02 Cefla's 2023 economic-financial results

Highlights

5.5 % increase in
ECONOMIC >

**VALUE
GENERATED**
COMPARED TO 2022

5.2 % increase in
ECONOMIC >

**VALUE
DISTRIBUTED**
COMPARED TO 2022



02.1 Financial indicators

The consolidated financial report of the Cefla Group as at December 31, 2023 presents Revenue and Gross Operating Margin at the highest levels historically achieved by the Group: Revenue amount to € 683 million (+5,0% on 2022), the Gross Operating Margin (EBITDA) exceeds € 91 million (+0,4% on 2022). The Net Profit is almost € 66 mil-

lion (+7,6% on 2022).

A summary of some aggregates taken from the Annual Financial Report is presented below, accompanied by some financial indicators explaining the ability in creating value expressed by the Group over the last three years.

FINANCIAL DATA (€/000) ¹	2021	2022	2023
Revenue	573.803	650.243	682.911
Gross operating margin	68.675	91.298	91.676
Net profit	50.293	61.464	66.150
Operating Cash Flow ²	79.805	50.892	37.333
Long-term debts ³	68.956	58.094	42.416
Total assets	726.049	766.494	795.547

FINANCIAL INDICATORS (%)	2021	2022	2023
Operating Cash Flow / Net profit	159%	83%	56%
Net profit / Total assets	7%	8%	8%
Long-term debts / Total assets	9%	8%	5%

1. Data taken from the 2022 Financial Statement - Financial Report

2. From Financial statement.

3. Non-current financial payables / Financial payables for leases / Payables for "PUT" options for the purchase of third party shares.

02.2 Distribution of wealth generated

Of paramount importance to sustainable economic performance, is the capacity of the Group to be in contact with the stakeholders of its local area. In the following table, the **economic value generated and distributed** is reported: through a reclassification process of income statement items, further supplemented by components of destination of the net profit, typical of the cooperative model of production and work, to which Cefla also be-

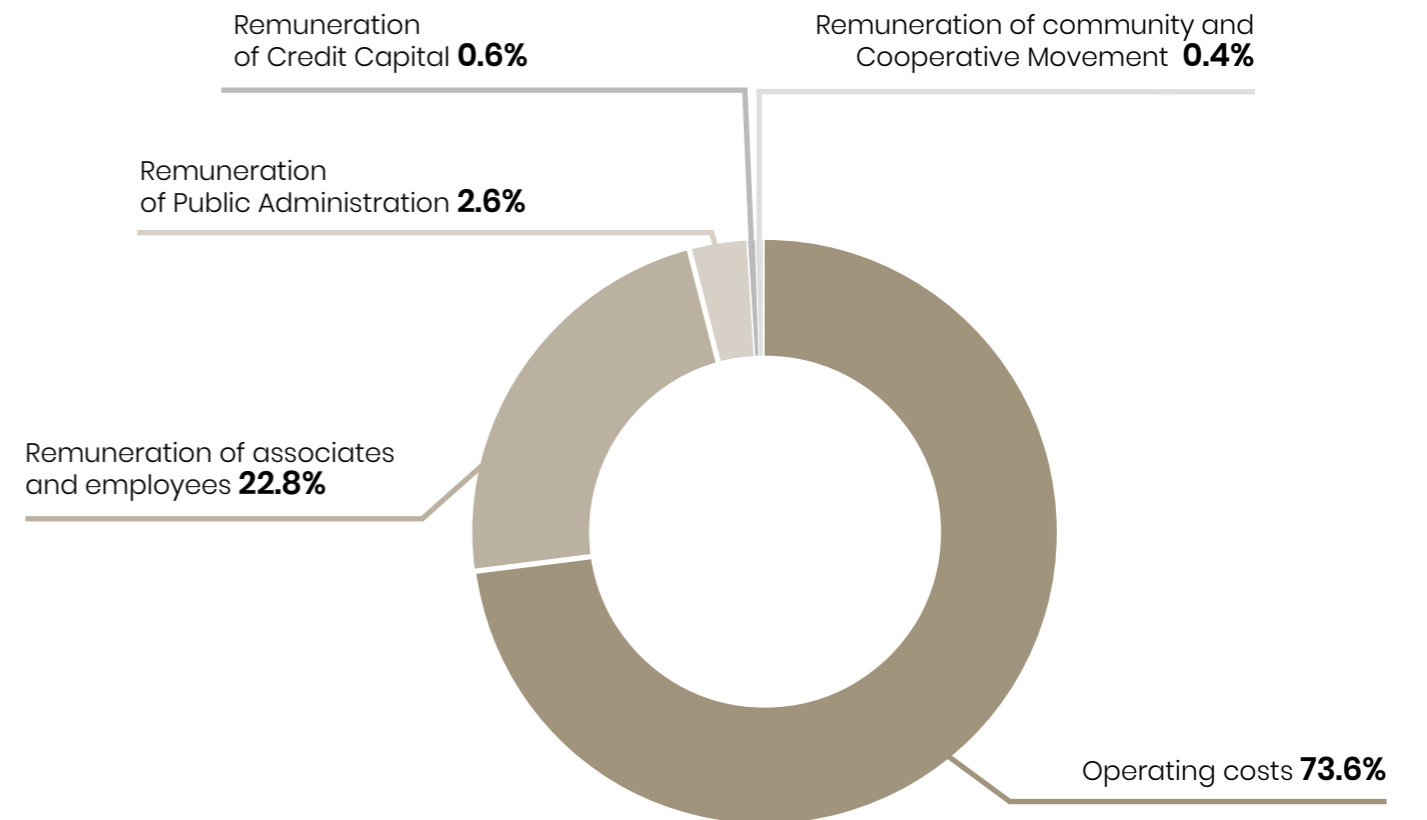
longs, such as the remuneration of the worker-members and the contribution to Cooperative Movement, it is possible to account for the generated value and how this was then distributed to the stakeholders who interface with the Group on a daily basis.

The economic value generated in 2023 is equal to € 702 million, an increase of 5.5% compared to the previous year.

CONSOLIDATED ECONOMIC VALUE (€/000)	2021	2022	2023
Revenue	580.013	656.710	682.911
Financial profits	15.846	8.853	19.012
Total economic value generated by the Group	595.858	665.564	701.923
Operating costs	389.248	446.163	476.233
Remuneration of associates and employees	132.571	145.178	147.498
Remuneration of community and Cooperative Movement	1.645	2.523	2.676
Remuneration of Credit Capital	602	1.457	3.763
Remuneration of Public Administration	7.134	19.602	16.782
Total economic value distributed by the Group	531.200	614.922	646.952
Total economic value withheld by the Group	64.658	50.642	54.970

As can be seen from the table above, the largest part is destined under operating costs and is equal to 73.6%. To members and employees 22.8% is destined, the share of which, through wages and salaries, represents the second most significant item of the generated eco-

conomic value. The portion of value intended for the public administration in the form of taxes and fees accounts for 2.6% of the distributed economic value. Donations and membership fees match to 0.4%, while the capital credit and risk to 0.6%.

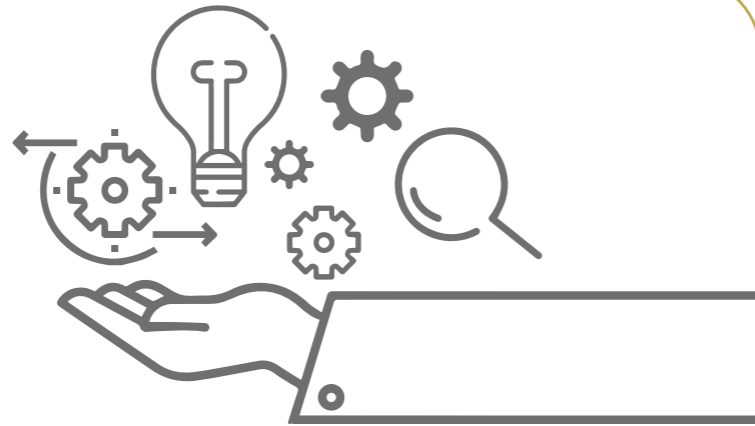


03

General information

Highlights

13.5
M euros
invested in **R&D**



> **733** patents

First exercise of identifying material topics according to the **dual materiality** approach

Objectives for the future

- Consolidation of the materiality analysis according to the dual relevance approach
- Detailed mapping of Cefla stakeholders, implemented according to authoritative standards
- Consolidation of the integration of ESG objectives within the corporate strategic plan

Associated material topics

- Innovation and digitization
- Quality, safety and reliability of products/services

SDGs

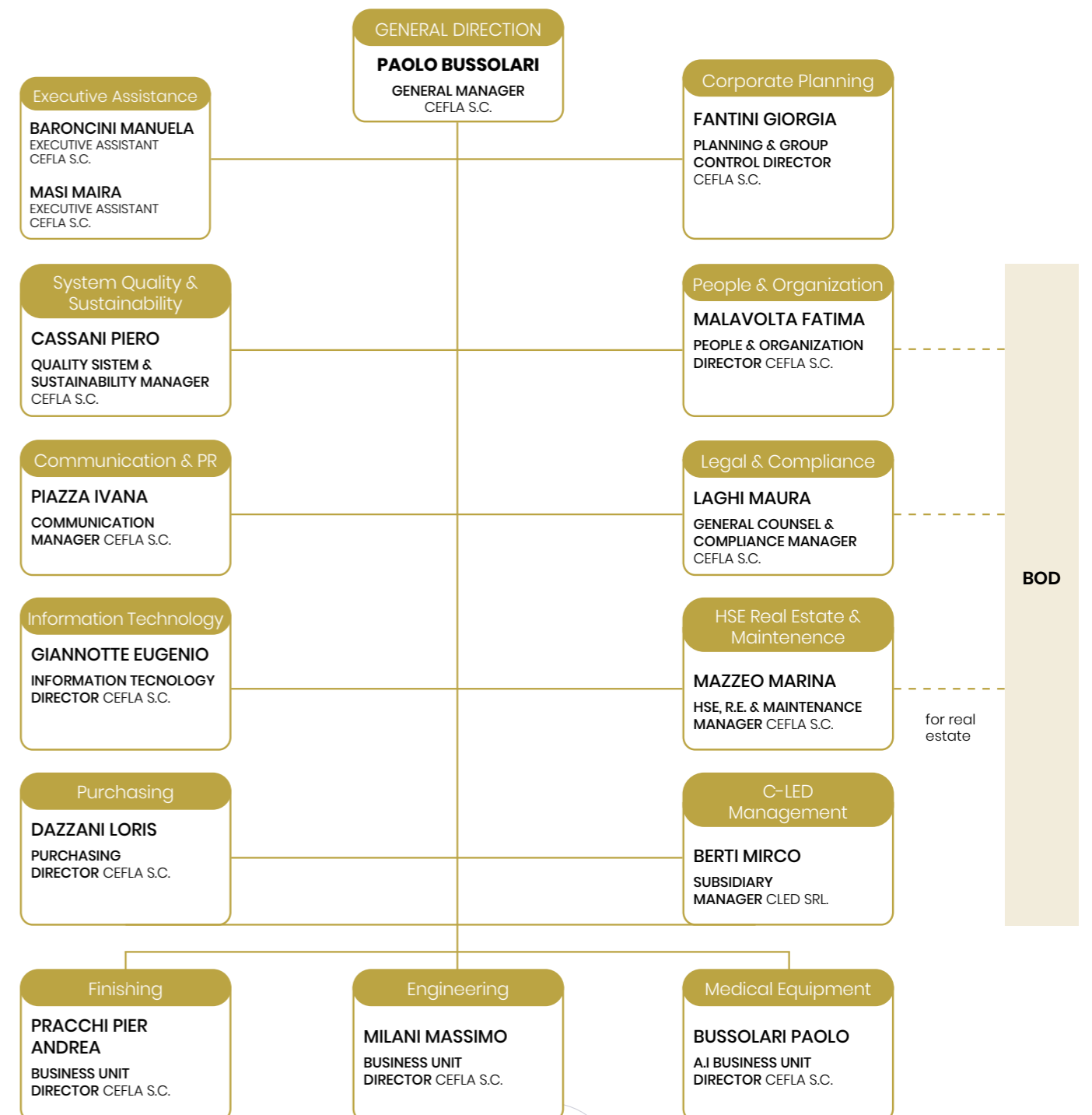


03.1

Company organization

Cefla is a cooperative company and as such is a non-profit company organization recognized by the Constitution, which states in Article 45 that "The Republic recognizes the social function of cooperation with mutuality and without the purpose of private speculation. The law promotes and encourages its growth with the most suitable means and ensures, with appropriate controls, its character and aims."

The company organization includes a General Management to which three Managing Directors (MDs) report, as shown in the Organizational Chart below.



Organizational chart as of 01/31/2024

The role of the Managing Directors is to operationally manage each business, supported by the central functions, while the Board of Directors, elected by the Shareholders' Meeting, maintains a function of direction and control over the work of the Managers. To protect and preserve this model, specific governance, control and monitoring mechanisms have been developed. Cefla's corporate bodies are therefore responsible for monitoring the management performance of all subsidiary companies and for outlining the future development lines of the entire Group.

Between 2022 and 2023, Cefla's governance structure did not undergo any substantial changes. The bodies of the company are:

- The Members' Assembly;
- The Board of Directors (BoD);
- The Board of Auditors;
- The Supervisory Body (SB).

The statutory audit activity was entrusted to Deloitte & Touche S.p.A., appointed on May 26, 2023. This assignment is conferred until the approval of the financial statements as of December 31, 2025.

In order to guarantee the complete involvement of members in the main company decisions, Cefla regularly organizes meetings aimed at the entire membership base, the members of the Board of Directors and the company management. During these meetings, budgets, forecasts, balance sheets and any extraordinary proposals (acquisitions, mergers, etc.) are approved. The members' meetings are divided into ordinary and extraordinary ones. The ordinary Assembly can be convened by the Board of Directors whenever this is deemed necessary; this must occur at least twice a year, for the approval of the budget and on the occasion of the approval of the financial statements.

By way of example, some of the powers held by the Shareholders' Meeting are:

- the approval of both the estimated and the final budget with the report of the Board of Directors;
- the determination of the duration of the mandate and the number of members of the Board of Directors, the related appointments and dismissals and the determination of the amount of compensation for their collegial activity;
- the appointment of the members of the Board of Statutory Auditors, the election of the President from among them, the resolution of any revocation, and the definition of the remuneration allocated to the members.

As of December 31, 2023, Cefla's social base is made up of 263 members: only workers hired on a permanent basis by the Parent Company. Employees of the various subsidiary companies cannot request access to Cefla's social base.

Cefla's second corporate body, the Board of Directors, in 2023 is made up of five (male) Directors, one of whom is aged between 30 and 50 and four aged over 50. Its members are elected by the general assembly through a secret and democratic vote among the names of a list made up of both the members who have applied for the role and the outgoing Councilors who propose themselves for the new mandate. To avoid situations of conflict of interest arising and to ensure that votes are not influenced by other purposes, the social base has approved a regulation in which the formal separation between the managerial role and the social role was decided. All the directors are chosen from among the cooperating members and the Board of Directors remains in office for one to three financial years, according to the decision taken from time to time by the

assembly. The Council, at its first meeting, elects the President and the Vice President. The managing directors and the executive committee ensure that the organizational, administrative and accounting structure is adequate and report to the Board of Directors and the Board of Statutory Auditors. The Board of Directors, based on the information received, examines the strategic, industrial and financial plans of the Company and evaluates the general performance of the management.

Board of Directors	
Members	Role
Gianmaria Balducci	President
Claudio Fedrigo	Vice President
Nevio Pelliconi	Director
Cristian Pungetti	Director
Yuri Della Godenza	Director

The Board of Statutory Auditors has the task of supervising compliance with the law and the statute, as well as compliance with the principles of correct administration, with particular reference to the adequacy of the organizational, administrative and accounting structure adopted by the organization and its concrete functioning. To adequately fulfill these functions, the Board of Statutory Auditors is invited to all formal assemblies and meetings of the Board of Directors. Furthermore, it has the right to request any type of information and consult all company documents, including the minutes of the Board of Directors. As of December 31, 2023, the Board of Statutory Auditors was composed of five members, three of whom were women and two men. In particular, all directors are over 50 years of age.

Board of Statutory Auditors	
Members	Role
Roberto Chiusoli	President
Beatrice Conti	Statutory Auditor
Ilenia Sala	Statutory Auditor
Massimo Masotti	Deputy Statutory Auditor
Barbara Pangaro	Deputy Statutory Auditor

Finally, the Supervisory Body (SB) has the role of supervising the operation of the organization, management and control model issued by Cefla pursuant to Legislative Decree 231/2001. The Board of Directors has appointed a Supervisory Body with autonomous powers of initiative and control, which reports directly to the Board of Directors. It is made up of three members (two internal and one external).



03.2 Innovation, research and development

In 2023, research, development and innovation activities for Cefla expanded, sector by sector, both to the benefit of the industrial Business Units and to the benefit of the Engineering Business Unit. In addition to the continuation of the projects launched in the previous year, further projects were launched during the year for the efficiency of the product portfolio on the market and for the organization and launch of new research, develop-

ment and innovation activities, both on more consolidated businesses and on new ones.

For 2023, the costs incurred for research, development, innovation, functional and aesthetic product improvement, expansion of the product range, process re-engineering, digitization and exploration of new activities amounted to € 13.5 million, of which 98% related to Cefla S.C.

Investments in Innovation, Research and Development	2021	2022	2023
Investments R&D (€)	9.5M	11.9M	13.5M
Investments R&D / Revenue	1.7%	1.8%	2.0%
(Investments R&D / Investments R&D Y-1) -1	-12.1%	26.6%	13.4%

Business Unit Finishing:

The BU Finishing has had an ISO 9001 certified Quality System for years, through which it continuously improves the processes related to the management of human capital, including skills schemes and related training programs, and research and development (R&D) initiatives for products and processes. Below is a simplified representation of the flows for these R&D initiatives:

1. Identification of the manifest and non-manifest needs of the market of interest (both the reference market and

new markets) through specific roles such as Product Marketing and/or New Business Developers.

2. Technical and/or technological activities, accompanied by market analyses (competition, volumes, entry barriers, intellectual property), which can result in the creation of a Product Plan.
3. Evaluation of the feasibility of developing a new Product Plan, based on analyses of the return on investment, considering time, effort, costs compared to expected volumes, increase in margins and the development of new patents.

4. Implementation of the Project following the Stage and Gate model, in which the new intellectual property generated is identified and protected.
5. Process and product innovation represents only one of the dimensions of innovation, which also involves external factors such as the market and internal factors such as the organization, staff skills and the tools used.

Within the R&D organization, the BU has formed four working groups that work in synergy with external consultancies, which provide support and training on advanced topics and help in the implementation of new models and tools.

- **New Product Development (NPD) Platforms**, which includes the Project Leader Managers of the seven technological processes that the BU intends to oversee and develop.
- **Competence Center**, which has the necessary skills for the development of new products and the maintenance of existing ones. This center also hosts internal laboratories dedicated to the research of materials, technologies and architectures.
- **Plant System Integration**, which designs and implements system integration within the lines/orders created, using its specific expertise to create connections between the various technologies within the process/order to be carried out.
- **Prototyping**, made up of technicians and technologists specialized in the validation of new products and related technologies.

Over the years, the Finishing Business Unit has developed a Product Quality system dedicated to the management of both internal and external complaints. The system, called **FQM (Fin Quality Management)**, is based on

building a quality culture that involves all departments, promoting both internal and external training and encouraging participation in a cross-functional team.

Reports of problems, which can come from the incoming inspection and from production (Opera) for internal ones, or via the Coswin system for external ones, are recorded with unique complaint IDs. These IDs are managed by the FQM, which deals with both immediate containment and analysis and resolution of the problem. All the related data is then processed and made accessible through Salesforce dashboards, which allow for in-depth analysis and management of critical issues.

The main research, development and innovation activities have been set up to benefit the various product lines of the Finishing Business Unit:

Digital Printing

- Multi-pass digital printer design for multi-sectors/substrates and large formats.
- Single Pass Printer Roll2Roll for plastic or metal coil products.
- Single Pass Printer for printing on corrugated cardboard.
- System to increase the performance of print control and print quality correction systems.

Robotic systems for spray applications on overhead lines and ground

- Research on spray gun controls and improvements to the iGiotto platform, with new robotic wrist for fixtures on overhead lines, new workpiece trolley for optimal management of accumulations, new ground conveyor.

Oscillating and robotic systems for spray applications on shaped panels

- New Easy with the possibility of very rapid

color change for both one- or two-component paints, according to its own registered patent.

- Redesign of the entry level sprayer platform.
- Finalization of the Elispray elliptical rotary sprayer for high productivity.
- New iBotic Cartesian robot with new TimeSkip color change, introducing an innovative "User Experience" in the operator interface.
- Unidry: new gas drying oven with high efficiency catalytic plates.
- FiberOven: new high temperature and high productivity drying oven.

Oscillating and vacuum systems for spray applications on profiles

- Upgrade to GT180 platforms (new dust-proof enclosures and new ventilation), In-Line Ovens (increase in applicable temperature range, new pre-heating, new cooling hoods), UV Ovens (new mechanics and new sensors to increase safety).

Roller and vacuum systems for flat panels and edges

- New SmartClean for brushing flat panels, new transversal action brushing machine.
- Search for SmartEdge platform: new application tools on the edges of flat panels with double delivery vacuum technology with its own patents.
- Application of own patents to SolarCoater machines for paint application on technical glass.
- Research on the use of two-component paints on glazing machines.

Business Unit Engineering:

The Engineering Business Unit, in turn divided into three Business Lines: **EPC Contracting** which deals with the construction of tech-

nological systems and General Contracting activities; **Global Service**, dedicated to the maintenance of infrastructure and production plants; and **Energy** for the construction and management of systems that produce electrical, thermal and cooling energy, developed a series of innovations during 2023. The main innovation and digitization activities were dedicated to the introduction of Fuel Cell technologies in Italy and the digitization of order production.

- New alarm visualizations within the EN VISION software for the Energy area, to facilitate supervision and rapid actions on large systems.
- Digitization of order production processes, for the drafting of Construction plans, user manuals by activating accessible and distributable digital repositories. Development of software for connecting order productions and budgeting activities.
- Design of a standard cogeneration plant based on high-efficiency electricity generation, using Fuel Cells combined with a heat recovery system.

In particular, in relation to the Fuel Cell cogeneration plant, the Cefla plant in Imola hosted the presentation of NOVA, the first European installation which, in addition to the production of electricity, produces heat, without harmful emissions of pollutants into the atmosphere: the inauguration saw the presence of representatives of prestigious companies, as well as of local and regional institutions.

In November 2022, Cefla announced the partnership with Bloom Energy for the construction and distribution of new Fuel Cell systems, i.e. devices that allow the production of electricity without combustion, eliminating harmful emissions, in compliance with the decarbonization objectives set from the EU. The partnership between Cefla and Bloom Energy thus intends to expand the offer of

clean energy available to Italian companies, supporting them on the path towards energy transition. In fact, this technology allows various sources - such as hydrogen, natural gas, biogas and biomethane - to be transformed into electricity, without combustion taking place, reducing CO2 emissions and eliminating the presence of particles harmful to humans, such as NOx, SOx, CO (set of acidic gases produced during combustion processes).

Business Unit Medical Equipment:

Business Line Imaging

The most significant research and development activities in the Medical Equipment Area have been concentrated in the Business Line Imaging, with a coherent plan that initiates important multi-year investments.

- Start of investments for the new 2D and 3D imaging software platform, for integrated management of radiological exams and patient images, which offers functions to perform, process, view and share 2D and 3D exams
- Start of investments for a new Orthopantomograph / Cone beam computed tomography (CBCT) platform, from which to derive the new series of devices for Entry Level Extraoral Radiological diagnostics, with implementation of its own patents; studies for new facial scanning technology, new patient positioning systems.
- Start of investments for integration of intraoral scanners, with proprietary software for viewing the data acquired by the scanners, sharing on a cloud platform and interaction with dental CAD, inclusion of new scanners in the range.
- Investments for the new "Dual Energy" functionality for CBCT, to improve the accuracy of the volumetric data to also appreciate tissue types previously precluded from CBCT.
- Investments for a new 2D linear X-ray

sensor for Diagnostic Radiology in CMOS technology.

Business Line Treatment

- Research and Development for a new platform for floor-standing and column-mounted units within the Variety Reduction Program to explore innovative features that increase the technological content of the units in the range, with the identification of inventive areas in which to file patent applications.
- Studies for a new range of lamps with integrated camera.
- Studies for a new curing lamp with performance increases to extend the range of composites on which it can operate.
- New graphic interface for the 7-inch L3 and L4 user interfaces, for the doctor's module, with very intuitive touch-screen usability to speed up the doctor's choices, with a new design and intuitive usability.
- New assistant's tablet solution, not attached to the unit's water unit, but physically detached from the R7 Cabinet dental unit.

Business Line Sterilization

- Research and development activities for future renewal of the current range of autoclaves; study of the operating cycles with and without initial fractional vacuum phases; identification of inventive areas on which to file patent applications.

Driven by a continuous search for new technologies and innovation, the BU Medical Equipment finalized two important acquisitions and mergers during 2023:

- On September 21, 2023, the 60% share of the Exalens Srl company was acquired, in collaboration with Exabyte Srl, a company that creates and designs software for the dental sector. The subsidiary Exalens has entered the Group's perimeter and deals

with the development of software technologies exclusively for Cefla, aimed at the products of the BU Medical Equipment in the radiological field (BL Imaging).

- On December 20, 2023, Cefla acquired the entire share capital of the company Eletromeccanica F.E.R. Srl, which entered the Group's perimeter as part of a verticalization operation of a supply flow of strategic components for the creation of products in the radiological sector.

C-LED:

In line with the corporate objectives, the research, development and innovation activities carried out in the company C-LED Srl have pursued the continuation of the projects set up in the previous year, the improvement of the product portfolio and the launch of new themes for a value of € 340,000, operating mainly on the following projects.

- In the Growing sector, continuation of the development of the new "Verti" high performance lamp project, with high efficiency of micromoles per second.
- Extension of the Combo lamp range, implementing its own patent application, adding spectra for leafy horticultural production, greenhouse flowers such as orchids ("Phalaenopsis") and studying new monochromatic spectra for mushroom growth in a controlled indoor environment.
- Study of light (and non-light) wavelengths that have the ability to attract insects of different types, in order to study their population; implementation of devices for attracting and capturing insects; study of devices that attract insects useful for the pollination of flowers of different species, for example for the pollination of strawberries.
- Tanning lamps with LED technology, to

replace the old Neon tubes with linear and non-linear geometries, to adapt to sun beds and showers.

- Brand new Pure Smart in the range of air sanitizers-purifiers, with sensors for detecting environmental pollutants (formaldehyde, acetone substances and other substances harmful to humans) and connectivity from an Industry 4.0 perspective.
- Lamps for optical sorting machines, to select different products such as seeds, foods, cereals or industrial products such as plastic, in aid of multispectral vision systems for molecular surface analysis with RGB and infrared cameras.

Over the years, Cefla has registered hundreds of patents, entering new business sectors and exploiting new technologies. Faced with a VUCA (Volatile, Uncertain, Complex, Ambiguous) context in rapid and constant transformation, Cefla proves ready to accept external stimuli and work every day to spread a culture capable of adapting and thriving in different conditions. Cefla people are guided to decode the most modern macro-trends: those linked to the world of technology, digitization and socio-demographic and cultural changes. The global knowledge economy needs innovation to be not just a skill, but an integral part of corporate culture.

Cefla reiterates its commitment by striving to spread a strategic approach that allows it to reconcile the development of business models that are both profitable and virtuous, supporting its customers in the deployment of the necessary tools and solutions.

03.2.1 Patents

Cefla exports more than two thirds of the production of its industrial Business Units industries and competes internationally with companies that often have a longer history and very important patent portfolios, such as German companies, for example. In order to be able to compete on an equal footing with its competitors, Cefla has long been carrying out an intense, patent action for the protection of its activities in the field of innovation.

To this end, the company has an in-house Patent Office, which has the task of collecting all the innovations coming from the different BUs in a capillary manner and to try and protect them as best as possible. Particular attention has also been paid to the protection of industrial design in the various sectors. From November 2021, Cefla's Patent Office Cefla is staffed by the Legal Department, which manages the trademarks. The Patent Office works on call for all Cefla BUs, personally and/or managing relations with external patents firms, as

regards patents, utility models, design. Within the induction of technical personnel, specific training is provided by the Patent Office.

The capillarity of the protection means that many Cefla products have more than one patent or a design. This has allowed Cefla to fully seize the opportunity offered by the Patent Box, which the company has adhered to since its establishment, in 2015. The first five-year period (2015-2019) closed in 2019: the amount of tax breaks Cefla was able to use is over 8 million euro. Cefla has already presented to Italy's income revenue authority, Agenzia delle Entrate, the application to join the second five-year period, 2020-2024. As it is known, although in both five-year periods participation in the Patent Box implies the existence of a wealth of industrial property, the rules have changed considerably from the first to the second five-year period. In particular, from the second five years, brands and know-hows have been excluded.

PATENTS	2021	2022	2023
Engineering	2	2	2
Finishing ⁴	355	259	271
Medical Equipment ⁵	318	333	325
C-LED ⁶	62	58	34
DESIGN			
Engineering	-	-	-
Finishing ⁴	16	15	14
Medical Equipment ⁵	105	99	83
C-LED ⁶	12	6	4
TOTAL PATENTS	737	652	632
TOTAL DESIGN	133	120	101
TOTALE TITLES	870	772	733

4. Finishing includes the CEFLA Deutschland and Duespohl companies; the Jet-Set company, with the relevant patents, has been acquired by Cefla S.C.

5. Medical Equipment includes the BIOSAF IN company.

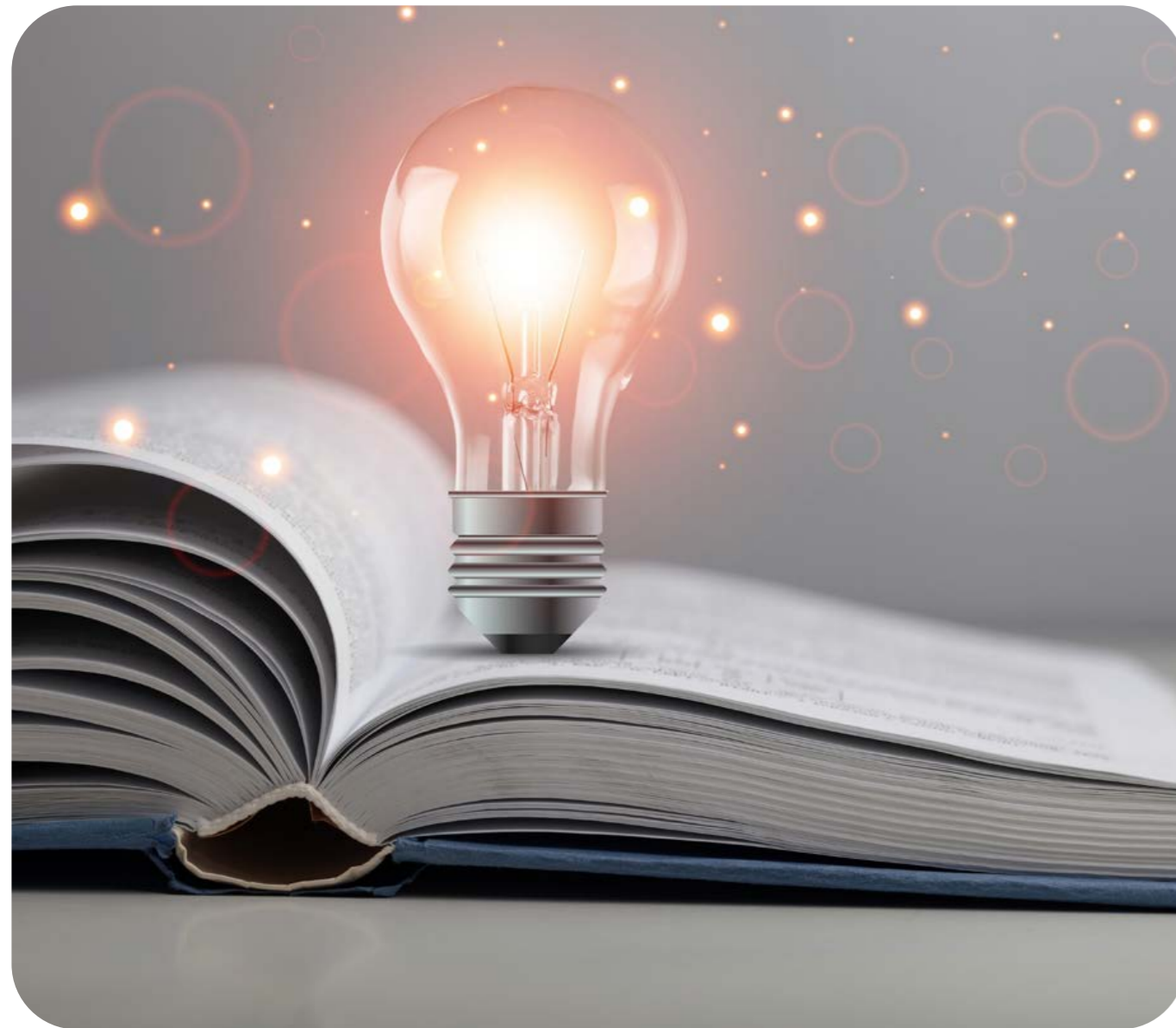
6. The data relating to 2021 refers to the Business Unit Lighting.

The decrease in 2023, compared to 2022, is caused by an important patent pruning activity, and by the adhesion of some of the titles obtained in 2023 to the new unitary patent, which came into force in June 2023 and so far ratified by 17 countries, which introduced the possibility of having a single patent as an alternative to national patents for individual countries, thus reducing the number of new patents.

Patent pruning made it possible to stream-

line the resources allocated to intellectual property, abandoning obsolete titles that had not yet expired, and using the resources that would have been allocated to the payment of renewal fees for new investments in research and development.

Furthermore, in 2023, a training activity on patent matters was launched for the Research and Development areas of all BUs and C-LED, which involved 48 participants.



03.3 Certifications

The search for the highest quality is a common prerequisite for every business choice. Cefla has implemented a path to be told through the results achieved, the patents developed and the certifications that prove the quality of the work in every area: from the management of processes to sustainability, up to the protection of workers. Cefla has adopted a policy of Health, Safety, Environment and Energy, with the aim of strengthening the commitment to sharing the values of respect for health, safety and the environment by the company's internal structure and by those who, such as suppliers and contractors, operate in the corporate context.

The various certifications obtained by Cefla are shown below:

- **UNI EN ISO 9001:2015 Quality Management System Certification**

Cefla Business Units and C-Led have confirmed the validity of the UNI EN ISO 9001:2015 certification, which identifies the most widespread standard in the world to guarantee the quality of corporate operational processes. In today's markets, the quality of the product and service is considered an essential feature. What most changed the way to see quality, compared to the past, is a less formal vision of its management, in favour of an orientation towards continuous improvement and the efficiency that must be disseminated to all levels of the company. Since 2015, the company has had a Corporate Quality Office that ensures continuous monitoring and contributes through internal audits and targeted actions, to keep the integration of the quality systems adopted efficient in all the organizational processes, stimulating the achievement of im-

provement objectives, shared with the corporate governance.

- **UNI CEI EN ISO 13485:2016 Quality Management System Certification, specific for companies that operate both in the design and production fields of medical devices and related services**

The Business Unit Medical Equipment and the BIOSAF IN and Elettromeccanica FER companies have achieved the UNI EN ISO 13485:2016 certification, which is a specific quality management system standard for the companies in the medical sector. In 2022, all the companies carried out the annual audits successfully, which confirmed the validity of the existing certifications.

- **ISO 13485:2016 certification according to the MDSAP scheme. Quality management system specific for companies that operate both in the design and production of medical devices and related services and which integrates the regulatory aspects of other nations**

The Business Unit Medical Equipment is certified ISO 13485:2016, with additional requirements according to the MDSAP (Medical Device Single Audit Program) scheme, which is the specific quality management system standard for companies in the medical sector, with the addition of all regulatory requirements of the five countries that join the scheme, namely Australia, Brazil, Canada, Japan and the United States. In 2022 the BU Medical Equipment successfully carried out the annual audit which confirmed the validity of this certification.

- **Certification in accordance with the new**

European Regulation 2017/745 EU (MDR) for companies operating in the design and production sector of medical devices

Cefla's Business Unit Medical Equipment has obtained, from the Notified Body IMQ, the certification of compliance with the new European Regulation 2017/745 EU (MDR) which, starting from May 26, 2021, definitively replaced the previous Directive 93/42/EEC and subsequent amendments, regarding the European regulation on Medical Devices.

- **UNI EN 9100:2018 Quality Management System Certification required by the Authorities and Manufacturers of the aerospace and defence sector**

Due to the growing maintenance activities on production plants in the aerospace sector, Cefla Tech, founded in 2019 and controlled by the B.U. Engineering, has immediately obtained the UNI EN 9100:2018 Quality Management System certification relating to aeronautics, space and defence organizations. Such company certification has the purpose of further qualifying the company in its activities of maintenance with high added value for customers, becoming to all intents and purposes an essential player for the efficiency of the customer's production process.

- **UNI ISO 45001:2018 certification for health and safety management system at work**

Cefla's Business Unit Engineering is certified in accordance with the UNI ISO 45001 standard, which identifies the benchmark for an occupational health and safety management system. For the BU, obtaining this certification is the demonstration of the will of the Cooperative to protect the safety and health of its workers, as well as of the need to manage health and safety aspects in the workplace in a harmonized way, through a system of procedures and control shared by all workers. The implementation of an ISO 45001 certified safety management system allows, in fact, to keep the residual risks assessed and weighted

in the multiple activities better under control and, consequently, to reduce employee injuries. The subsidiary Cefla Tech also achieved the ISO 45001:2018 certification in 2021.

- **UNI EN ISO 14001:2015 Environmental Management System Certification**

The certification, extended to the end of 2022 to all Cefla Business Units, satisfies the need to manage environmental aspects in a harmonized way, through a system of procedures and control shared by all workers, confirming the Group's concrete attention and daily commitment. The implementation of the environmental management system helps to keep the value of the business high and, at the same time, to manage environmental responsibility effectively, making it possible to minimize negative environmental impacts generated by incorrect waste management and/or incorrect management of chemical agents, during construction and service activities. The subsidiary Cefla Tech also achieved the ISO 14001:2015 certification in 2021.

- **SA 8000:2014 Social Responsibility Certification**

The SA (Social Accountability) 8000 standard is recognized worldwide and provides for the development and verification of management systems that promote socially sustainable work activities, with advantages for the organization and for all the stakeholders involved, in terms of improvement in corporate risk management, in relations between internal and external stakeholders and the organization and, ultimately, for generalized improvement of reputation. The implementation of a system of social responsibility according to the SA 8000 standard by the B.U. Engineering is the demonstration that for Cefla, the development of an organization is strongly linked to the attention to its workers. The B.U. Engineering, as well as stating that their policy and their own Social Accountability system include all the requirements of the SA 8000 Standard, has

set up an internal Social Performance Team made up of employees in representation of all company categories, with the aim of divulging as much as the fundamental principles of Social Accountability to the main categories of reference stakeholders (employees, customers, suppliers and institutions) and to provide feedback for the improvement of the company system. In 2023, the subsidiary Cefla Tech also achieved the SA 8000 certification.

- **Certification of compliance with EU Regulation 2015/2067 (F-GAS)**

The Business Unit Engineering and Cefla Tech have obtained the F-GAS product certification, in compliance with the DPR 43/2012, and implement the Community Directives on the prevention of the greenhouse effect generated by fluorinated gases (generally called F-GAS) used in both air conditioning and process refrigeration systems. This certification is considered to bring improvement in the management of the operational activities of the B.U., that potentially impact on atmospheric emissions of fluorinated greenhouse gases. The added value of this certification can be expressed both in reputational terms, towards the market and the customers, both in environmental ones. Conformity was assessed according to the prescriptions of the technical regulation RT-29, concerning the installation, maintenance or repair of stationary refrigeration, air conditioning and pump equipment of heat containing certain fluorinated greenhouse gases, in accordance with the provisions of EU Regulation 2015/2067.

- **UNI EN ISO 50001:2018 Energy Management System Certification**

The B.U. Engineering is also ISO 50001:2018 certified. ISO 50001 is a certification on a voluntary basis, aimed at supporting organizations in the improvement of their performance in terms of energy efficiency, providing indications and elements to develop an energy management system that can track and feed

the improvement process in terms of efficient use of energy. The energy management of real estate assets requires a structured approach, procedural and transversal, between different corporate functions. This is the only way to obtain, in addition to an efficient use of energy in the strict sense, verified with a constant monitoring of consumption, also long-term and coordinated planning improvement interventions on the real estate assets, energy strategies and business processes, in order to achieve maximum energy efficiency and to minimize the environmental impact of its activities. Knowledge and expertise of personnel and technicians in the field of energy efficiency in plant engineering, and not only that, is extremely important to disseminate and improve the management model of strategies for reducing environmental impacts and primary energy consumption, both in the management of Cefla assets and in the maintenance management of systems' assets of all customers of the B.U. In 2023, the subsidiary Cefla Tech also achieved the SA 8000 certification.

- **ISO/IEC 27001:2013 Information Security Management System Certification**

Since 2021, Cefla Tech has been certified ISO 27001 for information security for IT services to support engineering processes and service delivery of ordinary and extraordinary maintenance of civil and industrial plants. Indeed, the goal is that to be protected from potential threats to the security of managed information by developing an Information Security Management System (ISMS).

- **ISO 37001 Anti-Corruption Management System Certification**

In 2022, Cefla Tech also obtained ISO 37001 certification for prevention of corruption within the company perimeter. The certification establishes the management system requirements designed to help prevent, detect and respond to corruption, and to comply with

anti-corruption laws and voluntary commitments applicable to the business of the organization. The achievement of the ISO 37001 certification confirms the commitment of the company to the transparency of its information and full compliance with the law.

• ISO 14064-1 Reporting GHG Emissions Certification

In 2022, for the first time, Cefla Tech reported, resulting in a certification by a notified

body, its own greenhouse gas emissions; the 14064-1 certification, in fact, allows organizations to quantify their GHG emissions in order to implement Carbon Management policies and communicate their commitment on the subject of environmental sustainability to its stakeholders. The reporting carried out in 2022 is to be considered confirmed for the year 2023 and will be repeated in 2025 to update it and adopt any adjustment measures based on its outcome.

Business Units / Subsidiaries	Certification
BU Engineering	UNI EN ISO 9001:2015
	UNI ISO 45001:2018
	UNI EN ISO 14001:2015
	SA 8000:2014
	Compliance with the EU Regulation 2015/2067 (F-GAS)
BU Finishing	UNI EN ISO 50001:2018
	UNI EN ISO 9001:2015 UNI EN ISO 14001:2015
BU Medical Equipment	UNI EN ISO 9001:2015
	UNI CEI EN ISO 13485:2021 ISO 13485:2016 MDSAP
	Compliance with the new European Regulation
	2017/745 UE (MDR)
C-Led	UNI EN ISO 14001:2015
	UNI EN ISO 9001:2015
	UNI EN 9100:2018
	UNI ISO 45001:2018
	UNI EN ISO 14001:2015 UNI EN ISO 50001:2018 SA 8000:2014
Cefla Tech	Compliance with the EU Regulation 2015/2067 (F-GAS)
	ISO/IEC 27001:2013
	ISO 37001
	ISO 14064-1
BIOSAF IN	UNI EN ISO 9001:2015 UNI CEI EN ISO 13485:2021
Elettromeccanica FER	UNI CEI EN ISO 13485:2021

03.4 Orientation to sustainability

As Cefla is a cooperative company, one of its intrinsic objectives is to pass the baton to future generations.

A hallmark of Cefla lies in economic sustainability: the statute prescribes to leave at least 50% of the budget profits to the company, and this is certainly a way to increase stably the company's assets, in line with the mission of creating value in time. In addition, all working capital is financed by the company's assets: this entails the total absence of financial charges that weigh on the income statement, giving the possibility for the organization to make important investments with an extraordinary profitability, including the ability to acquire new companies and enter new markets. One of Cefla's distinctive choices has always been that of diversification, both in terms of businesses and markets. This strategy paid off in the long run: in a constantly evolving market, characterized by high innovation and technology, thanks to the fact that its Business Units operate in diverse sectors and markets, Cefla has seen its turnover steadily grow, despite the recent changes and tensions.

In light of the publication in the Official Journal of the European Union on 16 December 2022 of the text of EU Directive 2022/2464 ("Corporate Sustainability Reporting Directive" or simply "CSRD"), Cefla has updated its sustainability path, undertaken in 2018 and integrated into the Business Plan in 2021, with the aim of integrating the logic, contents and tools necessary into corporate and organizational procedures, for the development of ESG reporting compliant

with the requirements of the new Directive. In fact, for several years Cefla has appointed a Sustainability Manager within the company and a "Sustainability Team", a group coordinated by the Sustainability Manager, which works specifically to pursue the objectives identified in the ESG context. The Sustainability Manager communicates directly with the President and the General Manager. There is also an Energy Committee for specific issues.

The path implemented includes a phase of raising awareness among internal company figures through activities aimed at increasing knowledge and awareness of non-financial performance, and of what Cefla, thanks to the diversity of the businesses in which it operates, can contribute to achieving in the short, medium and long term.

Furthermore, Cefla has started a project aimed at evaluating its current level of alignment with regulatory requests and planning the actions necessary for a progressive and timely adaptation ("CSRD Roadmap"). The reflection was carried out in a granular and accurate manner and focused on the areas of analysis represented below, each of which was examined taking into consideration the internal documentation (policies, strategies, management systems, etc.) and through the involvement vertical of the main company functions.

CSRD General (ESRS 1 and ESRS 2)

Fields of analysis

- ESG risk management
- ESG due diligence
- Dual materiality
- Stakeholder engagement
- ESG Policies
- ESG Strategy
- ESG Governance
- ESG elements in incentivization systems
- Reporting perimeter
- Integration with traditional reporting
- Reporting process and adoption of a qualifying technological platform
- EU taxonomy
- Assurance
- Digital release of the Report
- Market objectives in an ESG perspective
- Use of the European Sustainability Reporting Standards

ESRS Topical Agnostic Standards (ESRS E1-E5, S4, G1)

Environment (ESRS E1-E5)



Fields of analysis

- Climate change
- Pollution
- Water and marine resources
- Use of resources and circular economy
- Biodiversity and ecosystems

Social (ESRS S1-S4)



Fields of analysis

- Own workforce
- Workers in the value chain
- Communities involved
- Consumers and end-users

Business conduct



Fields of analysis

- Conduct of the companies (anti-corruption, corporate ethics, sustainable procurement etc.)

Overview of the disclosure areas taken into consideration during the project activities





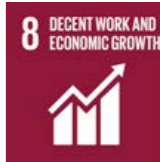



Once set, the CSRD Roadmap was presented to the governing body and to the First Lines during specific internal training and professional refresher courses.











Finally, through the involvement of the various company functions, through specific interviews which also involved the President and the General Manager, and the various Business Units, Cefla provided for the sharing of its strategic priorities in the sustainability field. Objectives, tools and areas of action on which to intervene (pillars) have been de-

finied. Within each pillar (Governance, Supply Chain, People, Environment, Community), actions have been selected that are consistent with the expected and generated impacts and with the defined strategic orientations. Following the systematization of the results and an internal review process, Cefla has drawn up its own model to focus on sustainability with a three-year perspective.

The following table summarizes, in summary, the main initiatives identified as part of the ESG-oriented model:

The following table summarizes, in a concise manner, the main initiatives identified as part of the ESG-oriented model:

Pillars	Intervention	Progress status	SDGs
Governance	<ul style="list-style-type: none"> • Appointment of a sustainability contact person within each Business Unit 	<ul style="list-style-type: none"> • Completed 	
	<ul style="list-style-type: none"> • Carrying out a Gap Analysis with respect to the CSRD/ESRS requirements and consequent adaptation Action Plan to be integrated into the new Cefla Business Plan 	<ul style="list-style-type: none"> • Within 2024 	
	<ul style="list-style-type: none"> • Extension of the validity of the certifications relating to the UNI EN ISO 14001 Environmental Management Systems, to the UNI ISO 45001 Occupational Health and Safety Management Systems 	<ul style="list-style-type: none"> • ISO 14001 completed • ISO 45001 within 2024 	 
	<ul style="list-style-type: none"> • Launch of the analysis process for the extension of the certification to ISO/IEC 27001 IT security systems 	<ul style="list-style-type: none"> • Analysis completed; extension to be carried out only at businesses' 	 
	<ul style="list-style-type: none"> • Launch of the UNI ISO 37001 Corruption Prevention Systems certification process 	<ul style="list-style-type: none"> • Certification obtained by Cefla Tech • Gap Analysis expected for Cefla S.C. in 2024/2025 • Further details in §6.1 	
	<ul style="list-style-type: none"> • Implementation of a Disaster Recovery data center 	<ul style="list-style-type: none"> • Activity completed • Further details in §6.3 	
Supply chain	<ul style="list-style-type: none"> • Partnerships with suppliers and research centres 	<ul style="list-style-type: none"> • Details in §3.2 and §5.5 	 
	<ul style="list-style-type: none"> • Adoption of sustainability practices in the choice of suppliers 	<ul style="list-style-type: none"> • Synesgy platform adopted and 290 suppliers, selected by invitation, involved based on turnover, operational continuity and risk criteria • Further details in §6.4 	 
	<ul style="list-style-type: none"> • Efficiency of processes 	<ul style="list-style-type: none"> • Continuing activity 	

Pillars	Intervention	Progress status	SDGs
People	<ul style="list-style-type: none"> Higher investments dedicated to training on R&D, GDPR, Health and Safety, Sustainability 	<ul style="list-style-type: none"> Details in §3.2, §3.4 and §5.3 	   
	<ul style="list-style-type: none"> Academy to develop technical skills for business-related intermediate roles 	<ul style="list-style-type: none"> Details in §5.5.1 	
	<ul style="list-style-type: none"> In-depth career management aimed at growth through a performance evaluation and job rotation system 	<ul style="list-style-type: none"> Details in §5.2 	
	<ul style="list-style-type: none"> Strengthening of policies and practices against all forms of discrimination 	<ul style="list-style-type: none"> Code of Ethics released Further details in §6.1 	
	<ul style="list-style-type: none"> Sustainability training/ awareness campaign for the entire company population 	<ul style="list-style-type: none"> Within 2024 	
Environment	<ul style="list-style-type: none"> Fostering the use of electric cars 	<ul style="list-style-type: none"> Further uses are being evaluated, in particular for urban use 	   
	<ul style="list-style-type: none"> Reducing the use of plastic in packaging 	<ul style="list-style-type: none"> Continuing activity 	
	<ul style="list-style-type: none"> Increase in the number of photovoltaic panels 	<ul style="list-style-type: none"> Details in §4.2 	
	<ul style="list-style-type: none"> Green technologies for the energy market 	<ul style="list-style-type: none"> Details in §3.2 	
	<ul style="list-style-type: none"> Digitization and consequent reduction of used paper 	<ul style="list-style-type: none"> Details in §4.3 	
	<ul style="list-style-type: none"> Energy diagnosis of the Imola plant 	<ul style="list-style-type: none"> Activity completed 	
Community	<ul style="list-style-type: none"> Investments in social promotion and identification of partnerships for the development of social projects 	<ul style="list-style-type: none"> Details in §5.5 and §5.5.1 	 
	<ul style="list-style-type: none"> Increasing partnerships with universities and associations 	<ul style="list-style-type: none"> Details in §5.5 and §5.5.1 	

03.5 Materiality analysis

Given the important value it attributes to the concept of **Sustainability**, Cefla has continued its internal awareness-raising process in order to increasingly integrate the existing organizational logics and systems with the main characteristics that distinguish environmental, social and governance performance (ESG).

In the context of ESG reporting, the materiality analysis has the objective of identifying the **environmental, social and governance aspects** considered relevant and significant for the Cefla Group's business and for its stakeholders.

Pursuant to the GRI Universal Standard 2021, the issues considered relevant are defined as "material" as they are associated with the most significant impacts (positive or negative, actual or potential, short or long term) that company activities are (or could be) experiencing, capable of generating on the economy, the environment and people, including impacts on their human rights. This approach, defined as **impact materiality**, is based on the adoption of an "inside-out" perspective, i.e. focused on the impacts that corporate activities generate on the socio-economic context in which the Organization operates.

In light of the significant regulatory changes defined on sustainability reporting and with the approval by the community institutions of the **Corporate Sustainability Reporting Directive (CSRD)**, Cefla has decided to integrate the view connected to the positive and negative impacts that are or could be generated by the Organization (impact materiality) with that relating to the risks and opportunities connected to sustainability issues that generate or can generate significant financial effects for the company, as they significantly influence (or could influence) the flows of cash, development, performance, position, cost of capital or access to finance of the company over a short, medium and long term horizon.

The impact materiality assessment was there-

fore supported and integrated by an initial **financial materiality** assessment exercise, which takes into consideration the "outside-in" dimension of the organization's relationships with the external context, thus carrying out an analysis of the **"double relevance"** as envisaged by the **European Sustainability Reporting Standards (ESRS)**, prepared by EFRAG⁷ at the request of the European Commission, which will become the reference standard on the basis of which companies falling within the scope of the CSRD will have to create their own Sustainability Statements.

In order to identify the main positive and negative impacts, risks and opportunities, current and potential, that the activities carried out by Cefla generate or could generate on the ESG sphere, a structured process was launched which allowed the reference context to be defined in detail internal and external to the organization. This activity was divided into the following steps:

- analysis of existing internal documentation;
- evaluation of the main international standards and frameworks adopted in sustainability reporting (GRI Standard, ESRS);
- analysis of the characteristics of the sector to which it belongs, in order to identify the main issues on which competitors also tend to focus.

Once this first phase was completed, the impacts, risks and opportunities thus identified were clustered based on the mutual level of affinity, in order to obtain a more limited list of **16 ESG topics** to be subjected to evaluation by a Group of Work representative of the different areas of activity, with expertise in the field of Sustainability. These themes can be traced back to **five macro-areas**: Responsible Governance, Human Resources, Product and Customer Responsibility, Environmental Responsibility, Creation of Value and Local Community.

7. European Financial Reporting Advisory Group.

The relevance of the impacts, risks and opportunities was assessed by considering a plurality of points of view and skills through the involvement of both the internal functions and the Group Management.

In particular, the assessment of the level of “relevance” of the ESG impacts connected to each topic took into account the following elements:

- **benefit or severity:** extent (positive or negative, as appropriate) of the impact generated directly or indirectly by company activities;
- **scope:** diffusion of the impact in geographical terms (e.g. local, national level, etc.), considering the number of stakeholders involved, etc.;
- **remediability character:** extent to which it is possible to mitigate or remedy the impact once it has occurred (to be considered only

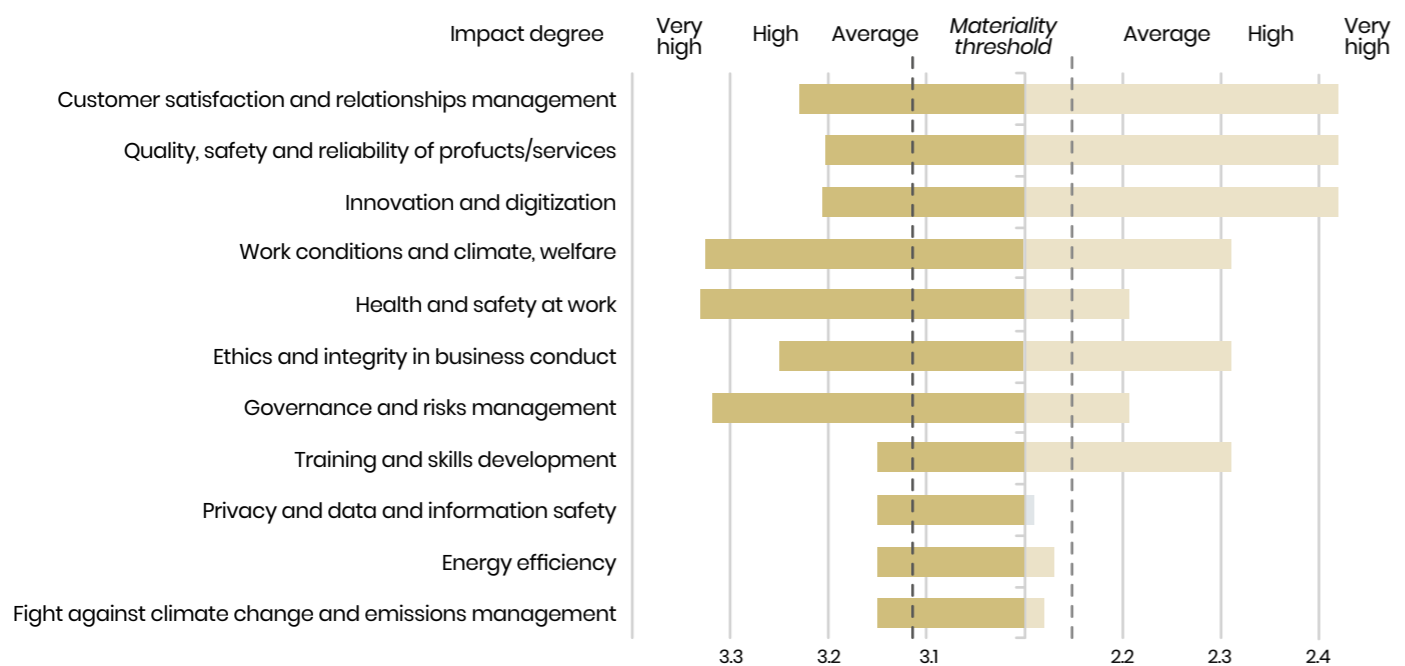
- for negative impacts);
- **probability:** probability with which such an impact could occur in the short, medium and long term.

As regards the assessment of the risks and opportunities connected to ESG issues, the following elements were taken into account:

- **magnitude:** measure of the extent of the risk or opportunity for Cefla;
- **probability:** probability with which this risk or opportunity could occur in the short, medium and long term.

The following graphic representation illustrates the topics that have exceeded the so-called **materiality threshold**⁸, i.e. whose relevance identified according to the above-mentioned criteria was higher than the identified threshold value.

Tematiche materiali 2023



Compared to the topics found to be material in the previous reporting cycle, among the new topics identified through the process just described,

the topics “Privacy and safety of data and information” and “Fight against climate change and management of emissions” are material.

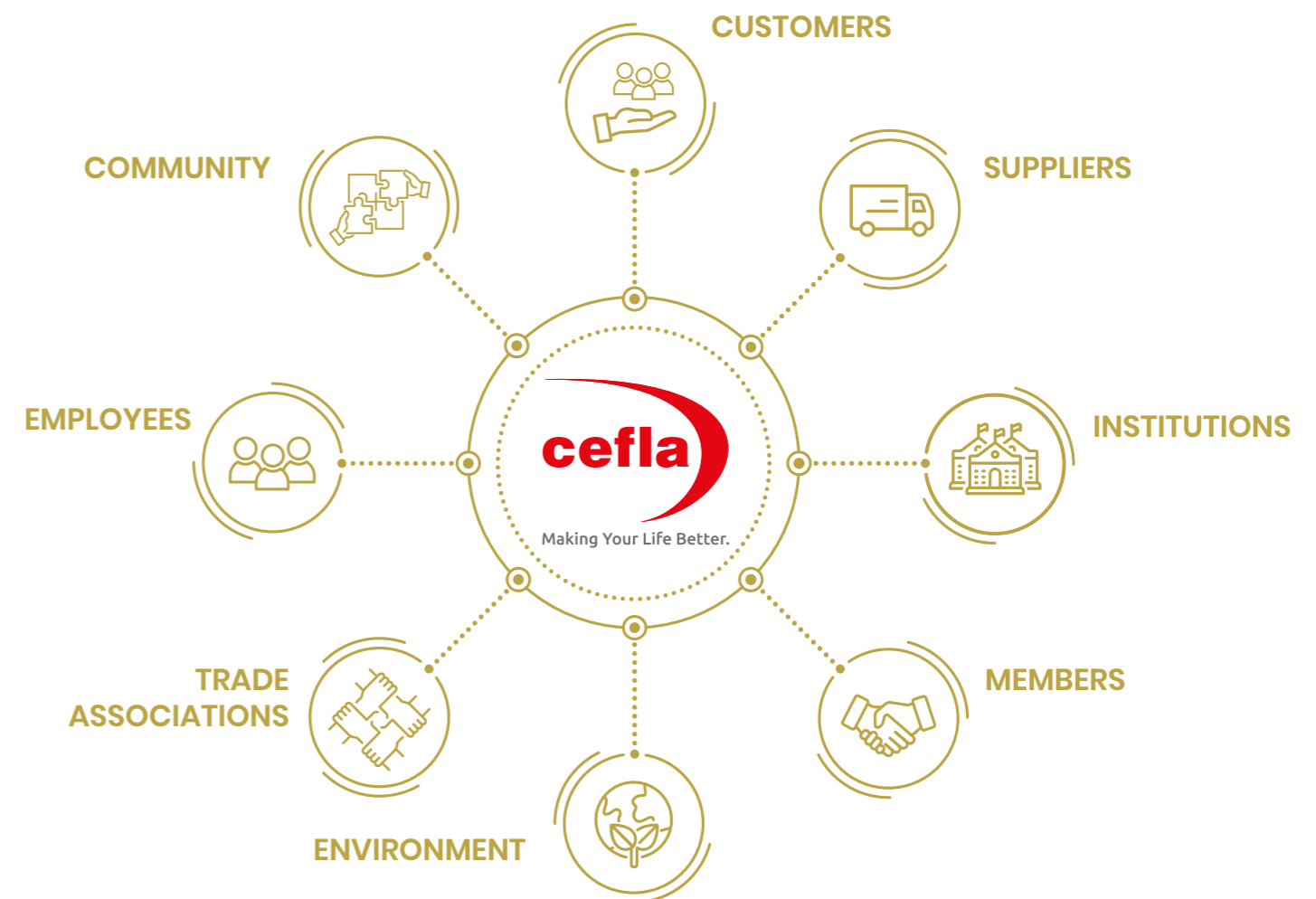
8. Double materiality consists of the union of impact materiality and financial materiality. An issue, therefore, is material if it is a priority from the perspective of impact materiality, financial materiality or both. For further information on the evaluation and prioritization of impacts, risks and opportunities, see section §7.2.

03.6 Dialogue with stakeholders

The update of the Sustainability Report with a view to aligning it with the requirements of the new CSRD arises from Cefla’s desire to guarantee maximum transparency and to best satisfy the information needs of stakeholders regarding the Group’s performance in the field of sustainability, as well as promoting dialogue and improving the governance and management of the organization itself.

Stakeholders are the so-called ‘**bearers of interest**’, i.e. people or groups of people who in

various ways can influence or be influenced by the Group’s activities. They therefore represent the complexity of the organizational reality, highlighting the entire series of relationships in which the Group is continuously immersed. Since today Cefla can boast of being part of a dense network of collaborations and daily contacts with very different public and private interlocutors in terms of economic availability and practical needs, the figure below represents only those that the Group considers to be the most relevant stakeholders.



The following table shows the expectations associated with each category of stakeholder and the ways in which Cefla promotes dialogue with them.

Stakeholder	Legitimate expectation	Engagement method
Community	Constant monitoring of environmental and social impacts	Projects with local authorities, grants, sponsorships, Sustainability Report
Customers	Product quality, assistance, business partnership	Periodic communications, fairs and events, visits, surveys, Sustainability Report
Suppliers	Business partnership, business reliability	Periodic communications, fairs and events, visits, surveys, Sustainability Report
Institutions	Common management of social, environmental and economic impacts	Common projects, participation in tenders, Sustainability Report
Members	Remuneration of capital, creation of sustainable value	Periodic communications, meetings and Sustainability Report
Environment	Reduction of environmental impacts	Sustainability Report
Trade associations	Partnership for the creation of value, business development also from a sustainable perspective	Periodic meetings, joint planning, Sustainability Report
Employees	Professional growth, work-life balance, fair remuneration	Communications, Sustainability Report, Company Intranet

04 Environmental information⁹

9. The data reported in the entire environmental chapter relate to the following perimeter: Cefla S.C., Cefla Tech, C-LED, Cefla Gest, BIOSAF IN, Elettromeccanica FER, Exalens.

Highlights

> 22.6

Tons of Oil Equivalent (TOE) saved thanks to

ENERGY EFFICIENCY

initiatives at the Gambellara and Bicocca sites



-10.5% GHG EMISSIONS INTENSITY

Location-based¹⁰
(-9.6% "Market-based")



-27% of WASTE PRODUCED



> -3% of WATER WITHDRAWALS

Objectives for the future

- Consolidation of the process of identification and evaluation of impacts, risks and opportunities related to the environment
- Identification of specific GHG emissions reduction objectives
- Detailed mapping of substances of concern used within production processes

Associated material topics

- Energy efficiency
- Fight against climate change and management of emissions

SDGs



04.1

Environmental responsibility

Cefla, aware that its production and distribution activities determine impacts on the environment, invests resources aimed at constantly improving its performance and identifying and implementing innovative solutions as its primary responsibility towards future generations. To this end, Cefla follows fundamental principles in its activities, such as:

1. operate in compliance with the rules, laws and provisions in force at national, regional and local level;
2. reduce energy consumption;
3. protect the environment and prevent environmental accidents;
4. reduce environmental impacts.

As reported in the **Health and Safety, Environment and Energy Policy**¹¹ updated in 2022, in the environmental field the Group is committed to:

- promote and spread the culture of energy efficiency and environmental protection at all company levels, through awareness-raising, information, education and training;
- implement prevention and protection measures aimed at preventing the onset of potentially dangerous situations and energy waste, as well as minimizing environmental impacts, for normal working conditions and for emergencies;
- verify compliance with the rules and provisions regarding energy and environmental management;
- define and review the objectives of im-

proving energy efficiency and environmental protection and implement the related programs;

- evaluate the efficiency and effectiveness of the adopted measures;
- research and implement progressive and continuous improvement, starting from the design phase, of working conditions, processes, infrastructures and services, taking into account technological progress;
- involve suppliers, contractors and subcontractors in implementing the energy saving and environmental policy.

Achieving these objectives implies the active participation of all workers, as well as continuous monitoring by the General Management. The Policy is disseminated to suppliers, customers, local and reference public bodies, through publication on the company website.

In addition, the three Business Units and the Cefla Tech company have prepared specific policies on health and safety and the environment.

Cefla's Health, Safety and Environment management system is divided into two macro areas:

- **Quality, Health and safety, Environment and Social Responsibility Integrated System of the Business Unit Engineering**
This system is certified according to the following standards: **SA8000** (Social Responsibility), **ISO45001** (Health and

10. For the definition of "Location-based" and "Market-based", see section §4.2.

11. The document is spread to employees via the company's intranet and is available for consultation both in Italian and in English at this link: [Politica Salute, Sicurezza, Ambiente ed Energia](#).

safety) and **ISO 14001** (Environment). The subsidiary Cefla Tech, connected with this BU, is certified according to the SA8000, ISO 45001 and ISO14001 standards and, since 2022, also according to the **ISO 14064-1** standard for measuring and managing its own carbon footprint. The Engineering BU is also equipped with an **ISO 50001** certified Energy Management System.

- **Health and safety and Environment Management System of the Business Units Finishing e Medical Equipment**

This management system is certified in accordance with the ISO 14001 (Environment) standard and is currently involved in the process for ISO 45001 (Health and Safety) certification.

The certification of the Environmental Management System according to ISO 14001, renewed in 2023, constitutes an important distinctive and competitive element, that documents and highlights Cefla's commitment to the safeguard of the environment, conscious use of natural resources and prevention of pollution, in a sustainable way and in full compliance with applicable mandatory and voluntary environmental regulations.

The MOG 231 adopted by Cefla S.C. provides for a timely definition of the different profiles of responsibility and the main sources of risk also in the context of environmental management. The structure of responsibilities (delegations/proxies) and control activities are organized in parallel with those of the Health and Safety management and are formalized in organizational charts, divided by Business Unit.

The **planning of environmental surveillance and control activities** is defined through site environmental analysis. Environmental objectives and targets are doc-

umented through Environmental Programs and through Environmental Analysis. Appropriate measures are taken to avoid any risks and safeguard the external environment, checking periodically the continuing absence of risk and in compliance with the provisions of Legislative Decree 152/2006, in particular for waste management (and all aspects related to them), the management of emissions into the atmosphere and water discharges. Cefla monitors its emissions with self-checks carried out by accredited external laboratories, punctually complying with the expected authorizations requirements.

The procedures for monitoring the progress of the Environmental Program are also defined within the Program itself. The surveillance plan is intended to allow verifying the implementation of the planned actions and their effectiveness, and, consequently, the presence of any non-conformities, thus making it possible to act promptly, with targeted corrective actions, if necessary.

CEFLA SC has also defined verification documents to ensure the monitoring and measurement of the main activities and operations that can generate significant impacts on the environment. The documents define which checks and which measures to carry out, as well as the methods of collection and data interpretation, in order to:

- monitor the trend of the company's environmental performance;
- check the position of the company, with respect to legal and regulatory environmental requirements;
- check if the System is correctly implemented in the company.

The monitoring activities can be carried

out both by internal and functional structures and by qualified external subjects, in compliance with the sampling and analysis methodologies provided for by regulatory provisions, by national and international standards (UNI, ISO, BSI, and others) or, in the absence of similar references or to improve them, by criteria defined by the company and validated by competent bodies or authorities.

The reporting of complaints, non-compliance or the presence of situations that could generate them (potential non-conformities), is transmitted to the reference HSE via e-mail or other documentation (e.g. audit report, NC report). Possible reports from external parties are sent to the Cefla institutional email address, which forwards it to the competent body.

Any reports or dangerous events regarding the environment are exposed and analyzed during periodic meetings between the HSE Office and the Workers' Representative for Safety and the Environment (RLSA) or the managers of the different areas.

In the end, staff education, training and awareness is considered a primary factor to ensure the effectiveness of environmental processes and objectives. In particular, the personnel involved in the management of environmental matrices, is trained in relation to its own business, with dedicated instructions.

04.2

Energy efficiency and emissions

The Group has decided to commit itself to defining energy objectives, a policy for managing its consumption and action plans to contain it. The aim is clearly to eliminate waste, truly reducing energy costs and improving the organization's environmental impact.

During 2023, various interventions were implemented to reduce energy consumption through containment measures relating

to winter heating and summer air conditioning and other technical/management measures and the adoption of behavioral measures in the efficient use of energy.

Furthermore, during this financial year, structural and plant investments were made, including **the installation of a 200 KW photovoltaic system** in the Imola plant in Via Gambellara and an innovative **fuel cell plant** in the Imola plant in Via Bicocca.

Energy consumption (GJ) ¹²	2021	2022	2023
Natural gas	40,558.29	32,458.72	34,418.53
Fuel for company fleet	19,471.67	20,492.22	24,652.28
Electricity purchased from the national mix	11,503.32	10,719.07	11,388.69
Total consumption from non-renewable sources	71,533.28	63,670.01	70,459.50
<i>Percentage of consumption from non-renewable sources</i>	<i>91%</i>	<i>91%</i>	<i>93%</i>
Biodiesel (HVO)	-	-	26.80
Total biomass consumption	-	-	26.80
Self-produced and consumed renewable electricity	6,014.51	5,157.23	3,068.00
Self-produced and sold renewable electricity	1,171.75	1,296.49	1,990.99
Self-produced renewable electricity	7,186.26	6,453.72	5,058.99
Total consumption from renewable sources	7,186.26	6,453.72	5,085.79
<i>Percentage of consumption from renewable sources</i>	<i>9%</i>	<i>9%</i>	<i>7%</i>
Total	78,719.54	70,123.73	75,545.29

Energy intensity on net revenues (GJ/€Mln)	2021	2022	2023
	137.19	107.84	110.62

12. The conversion factors used to transform the different energy quantities into GJ are taken from the DEFRA (UK Department for Environment, Food and Rural Affairs) database for the respective years (2021, 2022, 2023).

In the first months of 2024, Cefla reported to ENEA its **energy savings**¹³ obtained thanks to the energy efficiency initiatives implemented during the year. In particular, these initiatives included revamping of air conditioners and reduction of load losses linked to the water circulation system at the Bicocca site in Imola, and relamping activities with LED lights at the Gambellara site. The savings thus achieved in 2023, compared to the previous year, were quantified at 22,55 TOE¹⁴, equivalent to approximately 940 GJ.

As regards emissions, Cefla monitors both direct (Scope 1) and indirect (Scope 2) emissions. Scope 1 emissions refer to the consumption of natural gas and fuel to power the company fleet, while Scope 2 emissions

relate to the purchase of electricity from non-renewable sources. To calculate this second category of emissions, the "Location-based" and "Market-based" approaches were used, which respectively plan to account for the emissions deriving from electricity consumption by applying national average emission factors for the different countries in which it is purchased electricity and the determination of GHG emissions deriving from the purchase of electricity considering the specific emission factors communicated by the suppliers.

The data relating to emissions for the two-year period 2021-2022 have been recalculated and updated in order to align the emission factors used for the three-year period.

Direct emissions - Scope 1 (tCO ₂ e) ¹⁵	2021	2022	2023
Natural gas	2,286.65	1,823.69	1,937.53
Fuel for company fleet	1,361.13	1,453.27	1,737.88
Fugitive emissions (F-GAS) ¹⁶	684.04	879.62	117.36
HVO biodiesel	-	-	0,03
Total Scope 1 emissions	4,331.82	4,156.58	3,792.81

Indirect emissions - Scope 2 (tCO ₂ e) ¹⁷	2021	2022	2023
Total Scope 2 "Location-based" emissions	856	920	977
Total Scope 2 "Market-based" emissions	1,459	1,361	1,446

13. Reporting pursuant to art. 7 paragraph 8 Legislative Decree. 102/14. The calculation of savings takes into account the most appropriate normalization factor relating to each intervention, and the energy data for the calculation of savings are obtained from specific dedicated instrumentation or from the meters most representative possible of the savings relating to the intervention in question (measures at system/department/plant).

14. The TOE (Ton of Oil Equivalent) is a unit of measurement that indicates the quantity of energy released by the combustion of one ton of crude oil. The savings calculation algorithm takes into account the most appropriate normalization factor relating to each intervention, while the energy data for the savings calculation are obtained from specific dedicated instrumentation or from the most representative possible meters of the savings relating to the intervention in question (measures at system/department/plant level).

15. The emission factors used to calculate Scope 1 tCO₂e are taken from the DEFRA (UK Department for Environment, Food and Rural Affairs) database for the respective years (2021, 2022, 2023).

16. For the year 2023, the quantity of F-GAS reinserted into the plants following losses that occurred during the year was considered (leaks highlighted during periodic maintenance of the plants).

17. The emission factors used to calculate Scope 2 tCO₂e are taken from Report 386/2023 published by ISPRA and from AIB's "European Residual Mixes".

Total GHG emissions (tCO ₂ e)	2021	2022	2023
Total emissions (Scope 1 + Scope 2 "Location-based")	5,188	5,076	4,770
Total emissions (Scope 1 + Scope 2 "Market-based")	5,791	5,518	5,239

Intensity of GHG emissions on net revenues (tCO ₂ e/€Mln)	2021	2022	2023
Scope 1 + Scope 2 "Location-based"	9.04	7.81	6.98
Scope 1 + Scope 2 "Market-based"	10.09	8.49	7.67

In 2023, the Group's direct emissions (Scope 1) decreased by 8.8% compared to the previous year, while indirect emissions (Scope 2) increased by 6%, following greater consumption of electricity purchased during this operating period. The Group's total GHG emissions have reduced overall, both considering the "Market-based" calculation methodology (-5%), and considering the "Location-based" methodology (-6%).

The intensity of GHG emissions allows us to contextualize the GHG emissions produced by the Group in relation to the revenues obtained during the year. The intensity of GHG emissions, in 2023, showed a reduction of 9.6% ("Market-based") and 10.5% ("Location-based") against an increase in net revenues, indicating an increase in the efficiency of activities from an emission point of view.



The "Bike to Work" project in support of green mobility

In March 2023, Cefla joined the "Bike to work" project, promoted by the Municipality of Imola, an international initiative which aims to reduce traffic on the streets and encourage citizens to travel sustainably by bicycle.

The project provided for a monthly remuneration for each kilometer traveled using the bicycle on the home-work journey, monitored via a special app. This initiative promotes a healthy and sustainable lifestyle, contributing to the spread of virtuous behaviors in the area¹⁸.

The active users of the Cefla Group cycled a total of 19,124 km between home and work, leading to an estimated saving, calculated compared to the alternative of using the car, of 2,686 kg of CO₂.

18. Per maggiori informazioni si veda al link: [Bike to Work](#)

04.3 Water and waste management

The Group promotes responsible management of water resources and waste, by evaluating constantly applicable solutions for the reduction of water consumption and waste generated.

The following table shows the main types of water withdrawal, divided into fresh water and other types of water. The data relating to the two-year period 2021 and 2022 have been updated following a recalculation of the total water withdrawal.

Source water withdrawal per typology (Ml) ¹⁹	2021	2022	2023
Groundwater	0.61	0.86	0.62
Of which fresh water ²⁰	0.61	0.86	0.62
Thies parties water resources - water suppliers ²¹	21.81	27.19	26.65
Of which fresh water	8.83	11.86	15.29
Of which other water typologies ²²	12.98	15.33	11.37
Total water withdrawal	22.42	28.05	27.27

In 2023, there was a reduction in overall water withdrawals of 3% compared to the previous year. Furthermore, 2023 will be the last year of reporting of underground water, relating to well withdrawal for the Pesaro headquarters, as during this financial year the headquarters' water-sanitary system was connected to the aqueduct. No sampling has been carried out from areas subject to high water stress²³.

legislation regarding waste production and management. In relation to scrapped electronic components, a separation of the components by type (electronic boards, brass, copper, etc.) is carried out, encouraging their recycling. Cefla has three compactors for reducing the volumes of plastic, paper and cardboard. It also joins the consortium for the collection of neon and that of used oils. Regarding used toners, however, these are entrusted to a third-party company that carries out recovery activities.

The Group strictly complies with current

- 19. The data is obtained from meters, bills or contractual repayments by the IRS company which operates in the factory in via Selice rented to it by Celfa S.C.; the latter data, due to contractual specificities, is therefore overestimated compared to the actual water withdrawal attributable to Cefla. The calculation does not include water withdrawals from the Verona office which, for 2023, are estimated at approximately 0.044 million in total.
- 20. Fresh water means water with a concentration of total dissolved solids ≤ 1,000 mg/l.
- 21. The water resources obtained from third parties come entirely from surface water
- 22. Other types of water refer to water with a concentration of total dissolved solids >1,000 mg/l.
- 23. Water stress refers to a condition of lack of freshwater resources, which has a significant impact on businesses, such as interruption of the production/supply chain, increased operating costs and constraints on growth (Source: WWF Water Risk Filter).

As a manufacturer of Electrical and Electronic Equipment (EEE), Cefla (or third parties acting on its behalf) provides for the collection, treatment and disposal of WEEE²⁴, which is replaced by new EEE purchased by the user, through an authorized intermediary.

The waste produced is managed in compliance with the applicable legislation in force, and in particular according to a procedure aimed at:

- guarantee the correct administrative and legal management of waste, starting from the place of generation, up to final disposal;
- pursue the objective of reducing the quantity and dangerousness of the waste produced;
- promote separate waste collection and increase its reuse/recovery;
- describe the correct methods of compiling, consulting, recording and storing the documentation relating to waste management.

In particular:

- waste is accumulated in homogeneous groups by category;
- the storage sites are marked by highlighting the positions of the dangerous waste and include devices designed to prevent the waste from “spreading” into the environment. In the case of dangerous liquids, a containment basin is provided (for any spills), with adequate capacity;
- waste is adequately “packaged”, so as to avoid dispersion and allow safe handling and clearly marked with a label, in compliance with the rules governing the packaging and labeling of dangerous substances;
- the identification of transporters and

companies responsible for recycling or disposal is carried out by the HSE Office with an assessment of the essential legal requirements (valid transport and plant authorizations). For the transport of hazardous waste by road which is included in the ADR legislation, transport is managed in accordance with the provisions of the ADR and declared in the ADR report, presented annually by the ADR consultant.

Furthermore, Cefla annually presents the Single Environmental Declaration Model to the territorially competent Chamber of Commerce, according to the established methods.

In 2023, the Group is committed to evaluating the actual and potential impact linked to the production of waste not only during its activities, but also upstream and downstream of them. In particular, Cefla carefully monitors the disposal activities of special, dangerous and non-hazardous waste, used in particular in the unpacking and packaging of products, as well as in the scrapping of spare parts and non-repairable parts and obsolete materials, as well as the use of painting in the start-up and testing of equipment. Likewise, the procedures for disposing of WEEE waste deriving from the sale of new electro-medical equipment to replace obsolete ones are carefully defined, as well as waste connected to the management of any emergency situations (e.g. fires, floods, earthquakes), which could cause the loss of fluids or breakdowns of systems.

24. Waste from Electrical and Electronic Equipment.

PRODUCED WASTE (t) ²⁵	2021	2022	2023
Non-hazardous waste	785.08	5,115.87	3,610.60
Hazardous waste	222.88	190.94	244.54
Total	1,007.96	5,306.81	3,855.13

As can be seen by looking at the table above, in 2023 the Group produced 27% less waste than in 2022. Furthermore, 94% of the waste generated falls into the category of non-hazardous waste.

The significant variations in the quantity of waste over the years are mostly determined by the dynamics of the construction sites (opening and/or closing of the same and their dimensions), from which the greater volumes of waste derive. The significant increase in non-hazardous waste reported in the two-year period 2021-2022 was in fact mainly due to waste relating to the construction sites of the Engineering BU not pre-

viously reported, and to that relating to the construction sites of extraordinary maintenance works and activities carried out in some company offices.

The waste produced by the organization is entrusted in its entirety to authorized third-party companies that carry out storage operations for subsequent disposal or recovery operations. The following tables show the waste intended and not intended for disposal, divided by type. “Other disposal operations” refers to operations other than incineration and landfill, while “other recovery operations” refers to operations other than recycling and preparation for reuse.

WASTE INTENDED FOR DISPOSAL (t)	2021	2022	2023
NON-HAZARDOUS WASTE			
Other disposal operations	7.01	144.19	95.60
Total non-hazardous waste intended for disposal	7.01	144.19	95.60
HAZARDOUS WASTE			
Other disposal operations	137.92	92.89	82.06
Total hazardous waste intended for disposal	137.92	92.89	82.06
Total waste intended for disposal	144.93	237.08	177.66

25. Exalens does not produce special waste.

WASTE NOT INTENDED FOR DISPOSAL (t)	2021	2022	2023
NON-HAZARDOUS WASTE			
Recycling	-	341.86	277.26
Other recovery operations	778.07	4,629.83	3,237.74
Total non-hazardous waste intended for recovery	778.07	4,971.9	3,515.00
HAZARDOUS WASTE			
Recycling	-	-	0.43
Other recovery operations	84.96	98.05	162.04
Total hazardous waste intended for recovery	84.96	98.05	162.48
Total waste not intended for disposal	863.03	5,069.74	3,677.48

The waste data not intended for disposal for 2021 have been updated following a recalculation of non-hazardous waste. In order to reduce its environmental impact and raise staff awareness, Cefla continued its collaboration with PrintReleaf in 2023,

a company that promotes planetary reforestation in response to the impact produced by the printing of paper documents. Thanks to this Group initiative, an estimated 409.8 kg of CO2 were saved in 2023.²⁶

26. Certificate available at the following link: [PrintReleaf](#)

05

Social information

Highlights

97% >
of **EMPLOYEES**

have an **OPEN-ENDED CONTRACT**

Support for employees who were victims of the flood in Emilia-Romagna



BU level initiatives for monitoring **CUSTOMER SATISFACTION**

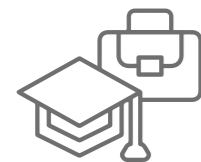
Membership of **IMPRONTA ETICA**

ISO 45001 >
(Health and Safety)

certification process started for the BUs Finishing and Medical Equipment



Over **2.000** visitors during the "Come and discover our future" **OPEN DAY**



> **50 STUDENTS** including Courses for Transversal Skills and Orientation, scholarships, internships and internships

Objectives for the future

- Strengthening the training plan at Group level, including training on sustainability issues
- Consolidation of involvement and interaction activities with workers, also along the value chain
- Continuation and structuring of customer and community engagement methods
- Obtainment of UNI/PdR 125:2022 certification for gender equality for Cefla S.C.

Associated material topics

- Working conditions, internal climate and welfare
- Health and safety at work
- Resource development and training
- Customer satisfaction and relationship management
- Quality, safety and reliability of products/services

SDGs



05.1

Composition of the workforce and equal opportunities²⁷

The world of organizations, in recent years, is increasingly the attention to human resources, whose quality and skills represent a real competitive advantage for companies operating in all sectors. As a Co-operative Company, Cefla clearly directs its personnel policy. All companies of the Group are committed to providing their employees with a healthy and safe working environment, through the adoption of equipment, machinery and systems that comply with the safety measures required by current legislation.

Care of people, training and professional growth, remuneration strategies and internal involvement all represent areas which have been given considerable importance in the definition and updating phase of the personnel policy adopted by Cefla.

The 3 Pillars on which this policy is based can be summarized as follows:

1. #SharingCulture

Sharing expertise and knowledge is the key to aiming for excellence. Valuing people means enhancing capabilities, expanding professional and personal skills, giving value to all resources.

2. #DigitalTransformation

Equipping people with strategic skills to exploit the advantages of Digital, a key component in all professions to produce, interact and communicate in the world of Industry 4.0. Act dynami-

cally and respond to new labor market needs.

3. #ContinuousLearning

A training system that is based on different levels of upgrades, from promoting awareness of skills not yet acquired, to the acquisition of specialized skills, up to the consolidation of acquired ones on which to develop mastery.

As of December 31, 2023, the Cefla Group staff numbered a total of 1,961, of which 1,763 employees and 198 non-employee workers. The latter are mainly made up of temporary workers (189) and, to a residual extent, of self-employed workers (3), interns (6) and continuous collaborators (1). Over 85% of the Group's staff, both employees and non-employees, provide their services in Italy.

In line with the average values of the sectors in which Cefla operates, within which men are traditionally employed to a greater extent than women, in 2023 approximately 22% of the company population is made up of women.

27. The data relating to the composition of the workforce refers to the following perimeter: Cefla S.C., Cefla Gest, Cefla Tech, BIOSAF IN, C-LED, Elettromeccanica FER, Exalens, CNA, CFES, CCSFR, Stern Weber Polska, Cefla Deutschland, Cefla Middle East, Duespohl.

EMPLOYEES BY CONTRACT AND GENDER	2021			2022			2023		
	Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
Open-ended contract	342	1,277	1,619	376	1,382	1,758	370	1,342	1,712
Fixed-term contract	7	12	19	13	31	44	15	36	51
TOTALE	349	1,289	1,638	389	1,413	1,802	385	1,378	1,763

EMPLOYEES BY CONTRACT AND GENDER	2021			2022			2023		
	Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
Full-time contract	277	1,250	1,527	277	1,391	1,727	335	1,352	1,687
Part-time contract	56	11	67	53	22	75	49	20	69
Variable hours contract ²⁸	-	-	-	-	-	-	1	6	7

EMPLOYEES BY CONTRACT AND LOCATION	2021			2022			2023		
	Italy	Rest of the world	Total	Italy	Rest of the world	Total	Italy	Rest of the world	Total
Open-ended contract	1,409	210	1,619	1,468	290	1,758	1,457	255	1,712
Fixed-term contract	19	-	19	33	11	44	33	18	51
TOTAL	1,428	210	1,638	1,501	301	1,802	1,490	273	1,763

EMPLOYEES BY CONTRACT AND LOCATION	2021			2022			2023		
	Italy	Rest of the world	Total	Italia	Italy	Rest of the world	Total	Res-to del mondo	Italy
Full-time contract	1,367	160	1,527	1,435	292	1,727	1,427	260	1,687
Part-time contract	61	6	67	66	9	75	63	6	69
Variable hours contract ²⁹	-	-	-	-	-	-	-	7	7

28. By "Variable hours employees" we mean those employees who are not guaranteed a minimum or fixed number of working hours per day, per week or per month, but who make themselves available to work when requested (e.g. on-call employees).

29. The year 2023 appears to be the first reporting year for this type of contract, the data for the years 2021 and 2022 is therefore not available.

As can be seen from the following tables, in 2023 the majority of the company population (52%) is classified in the professional category of the office workers, while 39% as workers. The remaining 8% is divided

between the middle managers and managers categories. Considering only Cefla S.C.³⁰, in 2023 the number of managers and executives hired from the local community³¹ will be 50%.

EMPLOYEES BY ROLE AND GENDER	2021				2022				2023			
	Woman	Man	Total	%	Woman	Man	Total	%	Woman	Man	Total	%
Executives	1	26	27	2%	1	23	24	2%	3	21	24	1%
Managers	15	75	90	5%	18	66	84	5%	19	111	130	7%
Office Workers	272	599	871	53%	300	664	964	53%	283	637	920	52%
Workers	61	589	650	40%	70	660	730	40%	80	609	689	39%
TOTAL	349	1,289	1,638	100%	389	1,413	1,802	100%	385	1,378	1,763	100%

EMPLOYEES BY ROLE AND AGE GROUP	2021				2022				2023			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Executives	-	15	12	27	-	8	16	24	-	7	17	24
Managers	-	47	43	90	-	45	39	84	1	58	71	130
Office Workers	40	567	264	871	72	588	304	964	71	528	321	920
Workers	86	360	204	650	136	359	235	730	113	326	250	689
TOTAL	126	989	523	1,638	208	1,000	594	1,802	185	919	659	1,763
%	8%	60%	32%	100%	12%	55%	33%	100%	11%	52%	37%	100%

At Group level, in 2023 the percentage of male employees appears to be predominant, considering the categories of workers, managers and executives, while the percentage of female employees rises when taking into consideration the category of office workers (around 31% in 2023). For this reason, Cefla is committed to having the professionalism and skills of employees as the main driver, both in the selection process and in role changes and career advancement, not taking gender into account in any field.

The distribution of employees, according

to the three age groups considered (<30 years, 30-50 years, >50 years), also varies significantly depending on the classification. In general, the majority of people employed by the Group in 2023 (52% of the total) are in the age range between 30 and 50.

Consistent with its ideal of protecting every form of diversity and guaranteeing everyone the same opportunities for personal and professional development, Cefla counted, in 2023, 35 workers belonging to protected categories defined by the regulations in force in the respective country of reference.

30. Bicocca and Selice plants

31. With the term "local community", for the purposes of the calculation, reference is made to the Emilia-Romagna region.

EMPLOYEES BELONGING TO PROTECTED CATEGORIES BY ROLE AND GENDER	2021			2022			2023		
	Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
Executives	-	1	1	-	2	2	-	1	1
Managers	-	1	1	-	-	-	-	-	-
Office Workers	2	9	11	3	30	23	3	7	10
Workers	6	18	24	5	19	24	6	18	24
TOTAL	8	29	37	8	41	49	9	26	35
%	22%	78%	100%	16%	84%	100%	26%	74%	100%

A structured budget process is planned annually, in order to guarantee the availability of the necessary people, in terms of number and characteristics, for the implementation of the business plans and to ensure at the same time the conditions for their management, in coherence with the legislative, contractual, technical-economic and social dynamics.

In particular, the activities included are as follows:

- the analysis of the internal context (resources present in the company, short, medium and long-term needs, evolution of the population in demographic and professional terms, strategies for the sustainability and competitiveness of the business over time) and of the external one (labour market, Future of Work, Digital Transformation, political and socio-cultural system, technologies);
- the comparison of supply with the demand forecast obtained from the program of the company as a whole and of the individual functions and areas of activity - needs analysis and budget definition. The comparison between supply and demand can develop in a circular manner through progressive adjustments, also in light of budget or resource

- constraints;
- the definition of objectives and activity programs in terms of recruitment, selection, training and development, compensation, work organization and internal mobility, etc.;
 - the control and monitoring of activities to verify their consistency with the strategy.

The human resources budget is approved by the Top Management in the first weeks of January and is monitored monthly.

In an increasingly uncertain context, exposed to high turnover phenomena, the Talent Acquisition & People Development area, in addition to maintaining maximum attention on the search and selection process, has focused on the Education network (Schools, Universities, Training Institutions) to get closer to the new generations, in order to respond more effectively to the business needs and dynamics of the job market.

There are two main objectives:

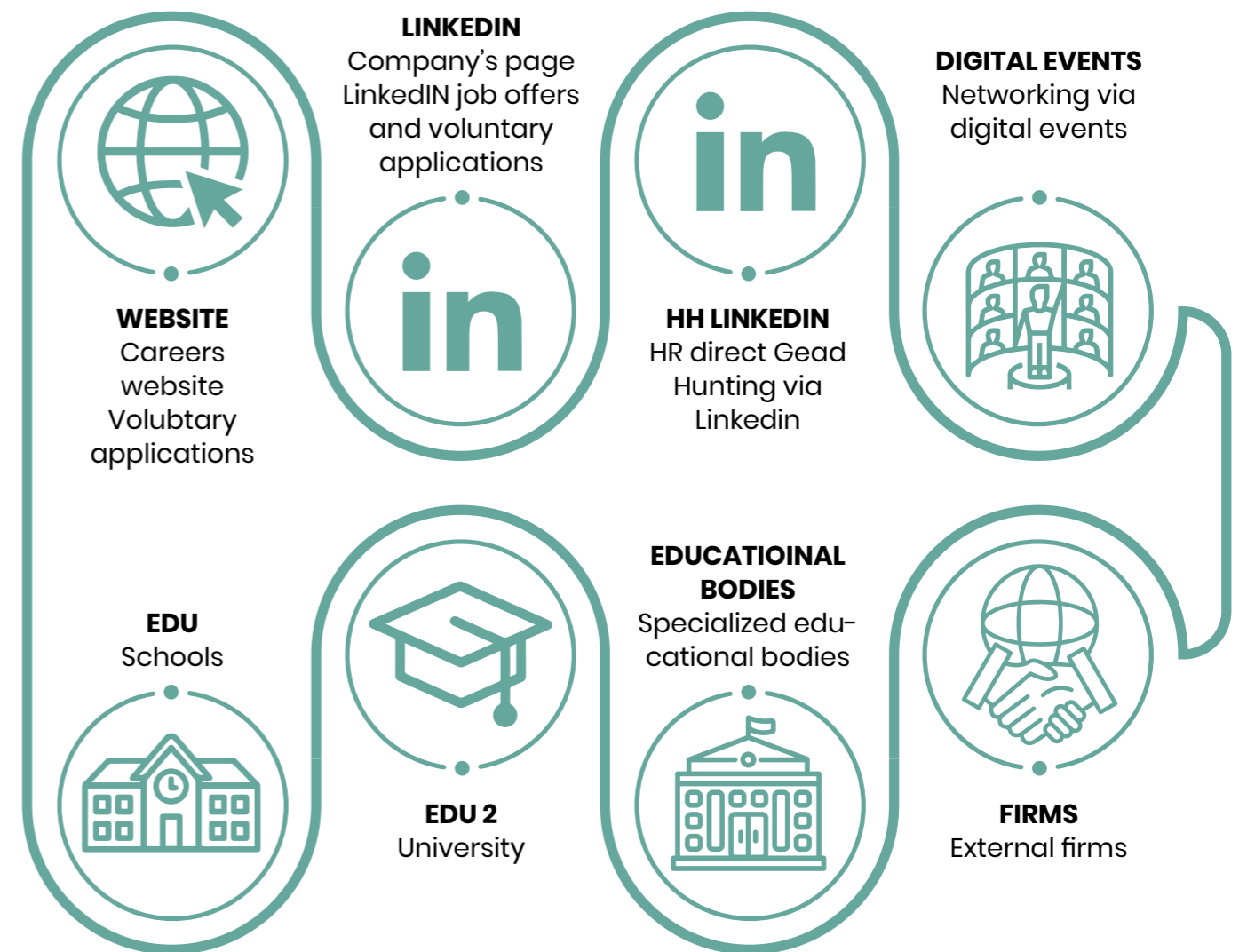
- to find the right person for the right job, in the shortest time possible;
- to attract the best candidates, thinking about the organization in the medium-long term.

The **personnel search and selection model** today identifies two pivotal moments, that of search and that of selection. The process is streamlined enough to ensure speed, flexibility and effectiveness. It consists of specific phases supported by internal sharing tools and is activated after approval of the opening of a position.

Cefla's research channels can be summarized in four clusters, varied depending on the target (profile, requirements, generation, seniority, territory, etc.):

- EDUCATION channel;
- DIGITAL channel;
- NETWORKING channel;
- PARTNERSHIPS channel.

More specifically, there are eight main sources of recruiting engagement:



As regards the EDUCATION world, Cefla has structured collaboration paths with local schools, both technical institutes and high schools, through school-work alternation plans and the establishment of the

"Schools Week", including site visits to orient the children in the II, III and IV classes and help them get to know the production realities close to them.

As of December 31, 2023, approximately 10% of the Group's staff was made up of employees hired during the last financial year.

During the same period, the turnover rate was also 10%.

HIRINGS AND TERMINATIONS BY GENDER AND AGE GROUP	2021								
	Women				Men				Total
	<30	30-50	>50	Total women	<30	30-50	>50	Total	
Hired (n.)	7	29	1	37	30	59	13	102	139
Resigned (n.)	1	11	3	15	11	74	28	113	128
% HIRINGS	33%	13%	1%	11%	29%	8%	3%	8%	8%
% TERMINATIONS	4%	5%	3%	4%	11%	10%	6%	9%	8%

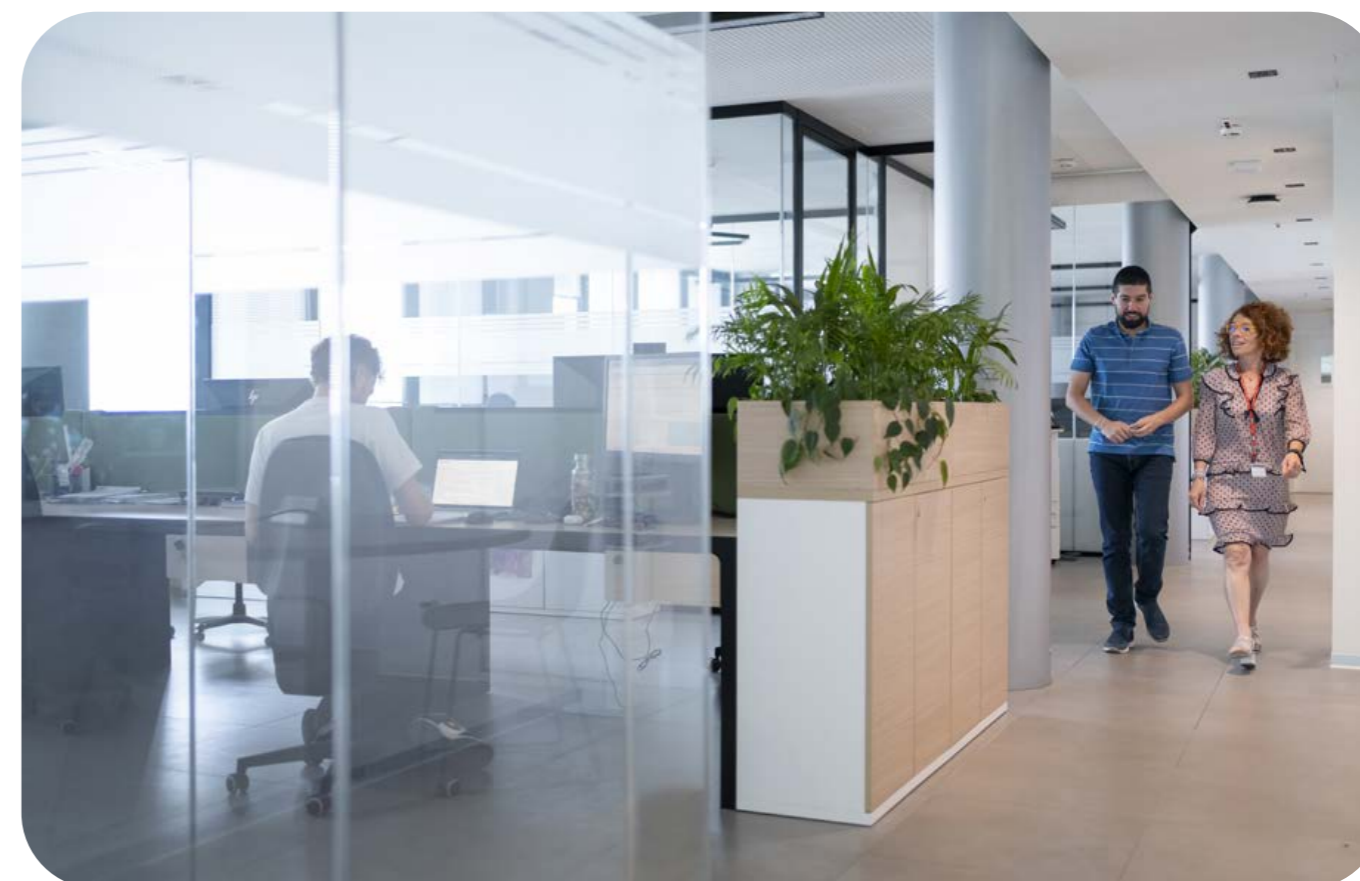
HIRINGS AND TERMINATIONS BY GENDER AND AGE GROUP	2022								
	Women				Men				Total
	<30	30-50	>50	Total women	<30	30-50	>50	Total men	
Hired (n.)	15	34	7	56	87	101	37	225	281
Resigned (n.)	8	16	6	30	30	90	45	167	197
% HIRINGS	48%	14%	6%	14%	49%	13%	8%	16%	16%
% TERMINATIONS	26%	7%	5%	8%	17%	12%	9%	12%	11%

HIRINGS AND TERMINATIONS BY GENDER AND AGE GROUP	2023								
	Women				Men				Total
	<30	30-50	>50	Total women	<30	30-50	>50	Total men	
Hired (n.)	10	22	7	39	40	71	32	143	182
Resigned (n.)	16	11	3	30	66	32	54	152	182
% HIRINGS	42%	10%	5%	10%	28%	11%	6%	10%	10%
% TERMINATIONS	67%	5%	2%	8%	46%	5%	11%	11%	10%

With reference to 2023, the following is a breakdown of hirings and terminations by geographical location:

HIRINGS AND TERMINATIONS BY GENDER AND LOCATION	2023						
	Italy			Rest of the world			Total
	Women	Men	Total	Women	Men	Total	
Hired (n.)	36	111	147	3	32	24	182
Resigned (n.)	29	131	160	1	21	11	182
% HIRINGS	11%	10%	10%	5%	15%	13%	10%
% TERMINATIONS	9%	11%	11%	2%	10%	8%	10%

Finally, in 2023 no cases of discrimination were recorded within the Group.



05.2 Development and training of resources

Training in the Cefla Group responds to needs related to business, organization, people, changes in context and acts on two dimensions: ability/skills (knowing how to do) and behavior (knowing how to be). It is managed through **a well-defined and shared process, coordinated between the Business Unit P&O structures and the Corporate P&O Management**, which includes specific phases and tools: definition of the strategy with top management, analysis and collection of needs in each department, drafting of a budget and approval, preparation of executive plans, design, implementation, monitoring and evaluation.

The activities that make up the training plan can be classified based on the methods and methodologies: on-the-job (focus on the operational dimension); catalog courses at an external body (focus on knowledge and role skills), project-based training (carried out ad hoc, with specific purposes and recipients); internal training, workshops and meetings; e-learning based on "training axes", depending on the contents and objectives: role, languages, development, digital transformation, compliance. Furthermore, in the process of joining the company or for internal mobility, ad hoc insertion and coaching paths are provided.

During 2023, Cefla trained all employees on new opportunities related to corporate welfare, highlighting the advantages of converting the performance bonus provided for in the company contract. Various

departments related to product development were also involved to gain more in-depth knowledge of intellectual property. Finally, training activities were carried out for technical trainers, aimed at managing on-boarding paths in production, managerial training activities on multiple levels aimed at developing employee management and leadership skills, with concrete and applicable work tools in the context of Cefla.

Furthermore, in continuity with previous years, the following were carried out: e-learning campaigns on compliance aspects, language training, training and refresher courses on Cefla products, processes and systems by internal experts, on-the-job training in production departments.



TRAINING HOURS ³²	2021			2022			2023		
	Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
Executives	3	105	108	1	103	104	115	195	310
Managers	84	301	385	214	446	660	317	792	1,109
Office Workers	1,014	3,271	4,285	2,422	7,047	9,469	1,997	7,248	9,245
Workers	48	1,636	1,684	197	3,296	3,493	227	4,203	4,430
TOTAL	1,149	5,313	6,462	2,834	10,891	13,725	2,656	12,437	15,092

The Cefla Group has a management system that is based on company regulations, procedures and level I and II contracts. The company regulations, delivered to all employees upon hiring, are the documents that contain the guidelines that regulate the corporate life of employees, guaranteeing a safer and more adequate performance of work within the plant and a respectful and polite coexistence between workers while protecting the image and safety of the company and its workers.

Group employees covered by collective bargaining agreements amount to 84% in 2023. All employees of the Parent Company and its Italian subsidiaries are covered by a specific National Collective Labor Agreement (CCNL)³³. The Parent Company Cefla S.C., which contains the largest number of resources, has second level company bargaining which regulates, in addition to the provision of a production bonus calculated on parameters of productivity, profitability and production efficiency, also other rules aimed at promoting work-life balance. Furthermore, there are various company regulations aimed at specific categories of em-

ployee with particular professional skills.

No specific remuneration policies have been defined for senior government bodies, but reference is made to the relevant resolutions which provide for indemnities linked to the position. For senior managers, market analyses are developed, through which to identify the fixed and variable components of remuneration, while the variable bonus is established as a percentage of the role held in the company. In particular, in 2023, with the support of qualified external consultants, a market benchmark analysis was carried out regarding Job Titles. The activity was developed for the individual Business Units and

led to the creation of a tool that allows comparison both in aggregate terms (by company, BU, functional area or role) and in individual terms (by individual person), the positioning of Cefla within the market (internal and external) in relation to the fixed and variable remuneration offered. This commitment aims to promote diversity, eliminate gender prejudice and support equal opportunities also in remuneration policies.

32. The information regarding the hours of training provided refers to the following perimeter: Cefla S.C., Cefla Gest, Cefla Tech, C-LED, BIOSAF IN, Duespohl.

33. The specific CCNL are: Cooperative metalworkers and industrial managers for Cefla S.C., Industrial metalworkers for Cefla Gest, Cefla Tech, BIOSAF IN; Confapi metalworkers for C-LED; Trade professional studios for Exalens; and artisan metalworkers for Elettromeccanica FER. For foreign companies, however, there is no collective bargaining.

In 2023, the average base salary to salary ratio between women and men was 0.9³⁴.

BASE SALARY BY ROLE ³⁵	2021	2022	2023
	Woman/man ratio	Woman/man ratio	Woman/man ratio
Executives	0.76	0.80	0.69
Managers	1.11	1.10	1.08
Office Workers	0.80	0.82	0.81
Operai	0.89	0.89	0.89

REMUNERATION BY ROLE	2021	2022	2023
	Woman/man ratio	Woman/man ratio	Woman/man ratio
Executives	0.84	0.81	0.66
Managers	1.11	1.11	1.10
Office Workers	0.78	0.79	0.78
Workers	0.89	0.89	0.89

Furthermore, 2023 saw the start of the project for the inclusion of the Human Capital Management (HCM) management system, identified in specific software. All the personal and contractual data of the employees of the entire Group have been uploaded, including the foreign subsidiaries. With the management system, Cefla has the possibility of having updated and easy-to-consult Group organizational charts available at any time. In the case of Italian companies, the records of temporary workers were also uploaded. All documents relating to employee remuneration have also been inserted into the software. For Cefla S.C. and the Italian subsidiaries managed with different software, the salary update is

monthly and automatic. Starting from 2024, the implementation of other modules is also planned such as:

- Employee documentation;
- Learning module;
- Recruiting module;
- Salary review;
- Management by Objectives (MBO);
- Evaluation and Performance.

The objective is to manage resources in the best possible way, with data that is always up to date, easy to consult and find, with efficiency in terms of time and ensuring maximum traceability of information.

34. The ratio is calculated as the average of the ratios between basic salaries/wages of women on basic salaries/wages of men of the different professional categories.

35. The data relating to salaries and wages refer only to employees in force as of 12/31/2023 of the Italian companies Cefla S.C., Cefla Gest, Cefla Tech, C-LED and BIOSAF IN. The RAL, the overtime flat rate and the PNC were considered in the basic salary. The remuneration includes the basic salary, stability, home-work, MBO and the annual value of the car and home benefit; However, the production bonus is not included since, being the same for all employees without distinction and variable based on company performance, it has no effects on the relationship in question.



“HR Analytics” Business Intelligence project

The “HR Analytics” Business Intelligence project was completed during 2023. To this end, all reports regarding absenteeism, holidays, overtime and flex-time relating to the Group staff were reproduced within the system.

The reports are thus easy to consult, their graphics have been revised and can be used in “Self Service” mode by users.

Listening to the requests of users, and in particular of production, Cefla has also created a new report called “Daily attendance”, which allows department heads to verify the workforce present in the company, even in the long term. This report is extracted daily.

Cefla constantly relates with the contact persons, in order to provide an efficient service for the creation of standard reports, as common as possible, created at the request of the various bodies, in relation to specific needs.

05.2.1 Internal climate and organizational welfare³⁶

The Group believes that **investing in work-life balance and in welfare policies dedicated** to its staff constitutes a fundamental prerogative not only in terms of corporate social responsibility, but also with a view to strengthening the existing bond between the employer and the its employees and to allow them to carry out their professional activities ensuring maximum productivity.

As regards access to **healthcare**, all non-probationary employees of the Parent Company and its Italian subsidiaries enjoy healthcare coverage. Within the Parent Company, in particular, there are two insurance covers offered to employees: a basic policy (DIRCOOP) provided for contractually and a supplementary policy (DIRCOOP OPEN) which guarantees higher limits and broader coverage. Furthermore, workers with the qualification of managers are covered by a DIRCOOP OPEN Managers policy which guarantees even greater protection. Finally, three different health policies are provided for managers. In all the cases mentioned, employees have the possibility of extending coverage to their family members upon payment of a premium.

The initiatives implemented to guarantee employees access to various forms of supplementary healthcare are certainly not the only projects in the field of “corporate welfare” launched by the Group in recent years. By way of example, the main programs promoted by the group include:

- **Time flexibility** of 30 minutes and the possibility of reducing the break to 45 minutes;
- **Time flexibility** to carry out therapies and paid leaves for placing children in nursery and kindergarten;
- **Work-life balance** of 12 hours per year for workers who cannot take advantage of flexible working hours or remote working;
- **20% salary supplement** for the first three months of parental leave;
- Possibility for mothers and/or fathers em-

- ployed by all Italian companies to request a **period of part-time work** until their children are eighteen months old;
- Up to 32 hours of **unpaid leave** for medical visits granted to all Cefla S.C. employees, and 8 additional hours of **paid leave** granted to employees aged 50 or over;
- Availability to benefit from an agreement stipulated with a banking institution in Imola regarding personal loans to employees at a **subsidized rate**, and from other agreements stipulated between the Parent Company and numerous sales outlets in order to guarantee discounted prices to employees in possession of the company attendance badge;
- Provision of **scholarships** for the children of employees who fall within certain categories (particularly deserving university students; children enrolled in summer camps affiliated with Cefla; students enrolled in the first three years of high school who intend to undertake a study experience abroad);
- Possibility for employees of Italian companies (excluding managers) to benefit from a **“welfare bonus”** (equal to € 200,00 per person in 2023);
- Provision of a **Petrol Bonus** of € 200,00 to C-LED, Cefla Tech, BIOSAF IN, Elettromeccanica FER, Cefla Gest employees;
- **Assiduity Award** for Parent Company em-



36. The data relating to welfare initiatives and parental leave refer to the following perimeter: Cefla S.C., Cefla Gest, Cefla Tech, BIOSAF IN, C-LED, Elettromeccanica FER, Exalens, CNA, CFES, CCSFR, Stern Weber Polska, Cefla Deutschland, Cefla Middle East, Duespohl.

- employees;
- Possibility for Cefla employees to allocate their **performance bonus** to welfare programs in different percentages (25%, 50%, 75%, 100%), applying a coefficient of 1.2 welfare credits for every euro allocated (in 2023, 35% of employees opted to allocate all or part of the bonus to welfare);
- Activation of a **professional and non-professional injury insurance policy** (with different limits based on the level of insured employees) which offers coverage to all members, employees from level B2 upwards and to all regular travelers;
- Activation of a **Life and Injury Policy**, provided for by the CCNL for Managers.

Until further company negotiations, it has been decided to extend Smart Working which, starting from July 2022, has been governed by an experimental agreement signed by Cefla S.C. at the union level. This agreement provides for the

use of one remote day per week and is aimed at categories of employees who can carry out their work in this mode. For the so-called “fragile” workers and for parents of children under 14, the use of Smart Working was carried out in compliance with the legislation in force.

Furthermore, each of the foreign subsidiaries independently defines and implements specific corporate welfare programs. Such programs may include, for example:

- supplementary health coverage for the benefit of employees;
- flexible working hours for mother employees;
- company trips and dinners organized at certain times of the year;
- paid master’s and specialization courses in areas of interest to the reference company;
- paid days off to manage any problems related to private life.

WELFARE INITIATIVES FOR FULL-TIME EMPLOYEES	2021	2022	2023
Life insurance	147	175	162
Health care	1,467	1,683	1,668
Invalidity and disability coverage	701	721	839
Parental leave	1,469	1,614	1,653

PARENTAL LEAVE	2021			2022			2023		
	Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
Employees who were entitled to parental leave	306	1,126	1,432	336	1,186	1,522	342	1,193	1,535
Employees who have taken parental leave	31	24	55	50	35	85	36	32	68
Employees who returned to work during the reporting period after taking parental leave	27	24	51	45	33	78	35	29	64
Employees who should have returned to work during the reporting period after taking parental leave	4	0	4	6	5	11	3	4	7
Employees who have returned to work after taking parental leave and who are still employed by the organization within 12 months of returning	25	24	49	43	31	74	33	29	62

EMPLOYEES WHO HAVE USED PARENTAL LEAVE	2021		2022		2023	
	Return to work rate ³⁷	Retention rate	Return to work rate	Retention rate	Tasso di rientro al lavoro	Tasso di retention
Woman	6.8	N/A	7.5	1.6	11.7	0.7
Man	-	N/A	6.6	1.3	7.3	0.9
TOTAL	12.8	N/A	7.1	1.5	9.1	0.8

Finally, each employee can directly contact the dedicated HR contact person present in each Business Unit of the Group, thus making the management of any complaints or reports more immediate and effective.

For more administrative issues (e.g. pay slip, attendance system, expense reimbursements, etc.) specific e-mail addresses can be used which equally guarantee a targeted and dedicated response to the individual need. In particular, for the Italian companies of the Group, any reports and/or complaints regarding wages or attendance are channeled to the payroll@cefla.it

cefla.it and attendance@cefla.it email boxes. Following the obtaining of the SA8000 certification by the Engineering BU, “complaint boxes” have also been set up on all floors of the Selice and Gambellara offices, in which employees can insert their own “message”.

In order to make the reporting tool regarding SA8000 accessible to all, as an alternative to the boxes, the email boxes sa8000@cefla.it and, with reference to the subsidiary Cefla Tech, sa8000@ceflatech.it are active, which allow to forward reports or proposals for improvements even to those who are not on site.

Flood in Emilia-Romagna: Cefla’s support

The year 2023 was characterized by an extraordinary flood event that hit the Emilia-Romagna region, home to the Parent Company. Around 200 employees were involved, creating countless problems, such as the temporary unusability of the home-work route, damage to the home and/or car, the closure of schools for staff with children.

To deal with such situations and support affected employees, Cefla has made a series of initiatives available, including:

- a greater number of Smart Working days compared to the individual agreements signed;
- paid leave of up to 40 hours;
- 16 hours of negative flex-time for exceptional events and causes, in the event that the paid leave referred to in the previous point were not sufficient to cover the absences;
- possibility of requesting an advance on TFR of up to 100% even without the necessary legal requirements;
- availability of a car as a benefit until December 31, 2023, with monthly deduction from the pay slip;
- granting of a loan, repayable in five years, at a subsidized rate.

37. The return to work rate was calculated as the ratio between employees who returned to work and employees who should have returned to work during the reporting period after taking parental leave. In 2021, this value is indicated as zero, as, during the period, all men returned to work after taking leave.

05.3 Health and safety at work³⁸

Cefla S.C. pays primary attention to the health and safety of workers and, for this reason, pursues fundamental objectives, such as:

- Operate in compliance with the rules, laws and provisions in force at national, international, regional and local level, including the commitments signed with interested parties;
- Improve the working conditions and environment by reducing the dangers and risks associated with one’s activity;
- Reduce injuries and accidents at work.

As reported in the aforementioned **Policy on Health and Safety, Environment and Energy**³⁹, with reference to health and safety in the workplace, the Group undertakes to:

- promote and spread the culture of health and safety at all company levels through awareness, information, education and training;
- implement prevention and protection measures aimed at preventing the emergence of potentially dangerous situations;
- verify compliance with health and safety rules and provisions;
- research and implement progressive and continuous improvement, starting from the design phase, of working conditions, processes, infrastructures and services, taking into account technological progress;
- involve suppliers, contractors and subcontractors in implementing the Health and Safety at Work Policy.

The Employer (General Manager and BU Director) has the necessary spending autonomy, without budget restrictions, to carry out the delegated functions. An annual budget is allocated to the Employers, pursuant to the powers conferred. For interventions that exceed the expected budget, the Board of Directors must be informed, without prejudice to the right to act autonomously and without spending limits, for urgent and undelayable interventions, promptly notifying the Legal Representative or the Board of Directors.

The BU Directors, in collaboration with the **Head of the Prevention and Protection Service (RSPP)** and the managers of the areas involved, propose to the General Director for approval the general lines and budgets for the infrastructural and management interventions to be carried out in the Business Unit within their competence, in order to ensure the conformity of services and working conditions that are suitable and respectful of current legislation. The improvement interventions are planned on the basis of the results of the risk assessments, the analysis of dangerous events (injuries and near misses), and the outcome of internal audits.

All the companies in the Group comply with the laws on Health, Safety and the Environment by fulfilling the provisions of Legislative Decree 81/08, Legislative Decree 152/06 and other regulations in force. The Engineering BU of Cefla S.C. and Cefla Tech also have Health and Safety management systems certified according to ISO 45001, which cover all their respective employees. The certifica-

38. The data reported in the “Health and safety at work” section include: Cefla S.C., Cefla Tech, Cefla Gest, C-LED, BIOSAF IN, Elettromeccanica FER and Exalens.

39. The document is available for consultation at the following link: [Politica su Salute e sicurezza, Ambiente ed Energia.](#)

tion process pursuant to **ISO 45001** has also been started for the BUs Finishing and Medical Equipment⁴⁰. These standards guarantee a structured and effective approach to the management of aspects related to health and safety in the workplace.

All indicators relating to injury rates are monitored and evaluated. From the perspective

of prevention, near misses are also promptly analyzed, i.e. those events which, despite not having caused an injury, could have caused it. It is through a careful investigation to identify the root cause of all these events that Cefla implements that **process of continuous improvement** which is the basis of every health and safety at work management system.

INJURIES AT WORK – EMPLOYEES	2021	2022	2023
Number of recordable workplace injuries	8	9	13
Number of hours worked	2,350,540	2,466,385	2,470,549
Rate of recordable workplace injuries⁴¹	3.40	3.65	5.26

The calculation of accidents relating to employees excludes commuting accidents. The main injuries refer to: wounds, cuts, lacerations, crushing of upper limbs during component manipulation activities or use of tools or work equipment.

The increase in recordable injuries between 2022 and 2023 refers to the Cefla Tech company. It is a relatively young company which in the space of a few years has gone from

a few units (in 2020) to almost 200 units (in 2023), with a significant increase starting from 2021. Furthermore, in 2021 and 2023, the hours worked per single worker were higher than in 2022. These circumstances may have influenced the trend in accident rates.

Regarding Cefla S.C. and Cefla Tech, 40 near misses were recorded, in line with the near-misses recorded in 2022.

INJURIES AT WORK – NON-EMPLOYEE WORKERS	2021	2022	2023
Number of recordable workplace injuries	2	7	4
Number of hours worked	349,191	442,878	360,961
Rate of recordable workplace injuries⁴²	5.73	15.80	11.08

40. For further information regarding the Integrated Health and Safety, Environment and Energy Management System, please refer to section §4.1 "Environmental responsibility".

41. The recordable work accident rate was calculated using the following formula: (Number of recordable work accidents / Number of hours worked) * 1,000,000.

42. The recordable work accident rate was calculated using the following formula: (Number of recordable work accidents / Number of hours worked) * 1,000,000.

As regards non-employee workers, in 2023 there were 4 recordable workplace accidents and no near misses. The calculation of accidents relating to non-employee workers includes only temporary workers, while the main types of accidents are the same as for employees.

Finally, two cases of occupational disease were recorded in 2023, but none of these were recognized during the exercise.

The Group follows the general criteria, defined by the Employer, for the **identification of dangers and the assessment of the risks associated** with them, relating to the activities carried out by workers of all company activities.

This procedure also refers to the "Risk assessment of activities carried out outside company premises" (Construction sites according to Title IV of Legislative Decree 81/08), on the basis of which the specific risks of the construction site are assessed reference to the Operational Safety Plan (POS) and the Safety and Coordination Plan (PSC) of the specific construction site as required by art. 90, paragraph 1 bis, of Legislative Decree 81/08; it also refers to the art. 26 for the area of interferential risks. The risk assessment document contains paragraphs describing the company activities, references to the organization and responsibilities and the discussion of all the titles of the Legislative Decree. 81/08 in a concise manner, where each title recalls the specific technical evaluation. There is also a specific part, relating to each BU, where for each title of Legislative Decree 81/08 the specific risk assessment documents (if applicable) and the list of job sheets summarizing for each divisional job are cited the risk and the related prevention and protection measures adopted (including personal protective equipment).

In particular, in relation to the risk of ionizing radiation, the Radiation Protection Expert has been appointed, as defined by Legislative Decree 101/20, to ensure a correct assessment of the specific risk and guarantee compliance with the specific legislation, as well as training and information of workers subject to potential danger.

In all the Italian companies of the Group, has also been identified a Competent Doctor, who collaborates with the Prevention and Protection Service in drawing up the risk assessment, with particular regard to the determination of the subjects who, due to the work risks to which they are actually exposed, must be subjected to health surveillance referred to in the art. 39 of Legislative Decree 81/08 and formalizes them within the "health protocol". Health surveillance is carried out in the cases provided for by current legislation, as well as by the indications provided by the Permanent Advisory Commission for Health and Safety at Work and if the worker specifically requests it. Every year, the Competent Doctor draws up the report containing the "collective anonymous results" relating to the surveillance carried out. This document represents the final act of his work towards the group of workers subjected to health surveillance: it is a tool that can be used for a more complete and targeted risk assessment and it contributes to verifying the effectiveness of the preventive measures adopted by the agency.

For the management of incidents, including near misses, there is a specific procedure: the person in charge of the reference area formalizes the report to the relevant Prevention and Protection Service which assists in identifying the root causes that led to the incident and in collaboration with other responsible figures, identifies the prevention and protection measures to be

adopted and monitors their implementation and effectiveness.

Ordinary maintenance interventions on machines and systems are periodically planned and carried out to guarantee the continuity of the process. The maintenance of the infrastructures, systems and internal services of the offices and the workshop to guarantee the continuity of the process is entrusted to third parties and is managed by the Maintenance function of Cefla S.C.

As communicated to all employees during the training courses, workers are required to report to their supervisor any anomaly found or danger/dangerous situations that are detected by them. Workers are made aware of the reporting of near misses which are analyzed to identify the root causes and the consequent implementation of prevention or protection measures.

Cefla plans and monitors, through an IT management system, mandatory safety training, fulfilling the relevant legal obligations through the annual "Training Plan". The monitoring of the safety and environmental training plan, so that it is respected, is carried out for the parts under its responsibility by the Prevention and Protection Service. The provision of information and training is tracked through the collection of signatures at the time of the training session through the attendance register and the provision of specific attendance or learning certificates. The training contents were identified and the training needs for new hires, job changes and additional training needs for staff in general and supervisors and managers were identified. Furthermore, following the provision of information and training, the most appropriate tools were identified to verify its effectiveness through a final exam and/or a learning test.

In particular, educational and/or information and training interventions are carried out on the occasion of:

- hiring;
- integration of temporary workers, seconded workers, interns and trainees into work;
- transfer and change of job (if the new job entails different or additional environmental risks or impacts compared to the general ones or those present in the job already performed);
- introduction of new work equipment or new technologies, new dangerous substances and preparations;
- designation/appointment of the worker to specific tasks that expressly require mandatory training (e.g. workers in charge of fire fighting, first aid, use of forklifts, use of overhead cranes, work at heights, activities in confined spaces, etc.).

Within 60 days of inclusion or in any case before the expiry of the contract or secondment, all workers who do not already have it receive the mandatory training provided for by the State-Regions Agreement.

The personnel destined to operate in the production areas and on construction sites or external activities are then entrusted to the Department/construction site/area Coordinator, or in any case to the person in charge for training on internal procedures and on the methods of safely carrying out the work entrusted to him and for a period of training in the workplace, alongside already experienced personnel, until the skills and abilities deemed sufficient to operate independently are achieved.

The operational staff is also periodically updated on the theoretical and practical aspects and work procedures inherent to their activity, as needed and with various

methodologies such as, for example:

- direct instruction and/or awareness raising by direct superiors also through

training tools such as OPL, SOP, work instructions, etc.;

- internal and external education and training courses.

HEALTH AND SAFETY TRAINING	2021		2022		2023	
	Hours	Participants	Hours	Participants	Hours	Participants
General training	144	36	156	39	136	33
Specific training	4,127	499	3,792	490	1,544	138
Other ⁴³	6,074	847	4,522	735	5,325	850
Total	10,345	1,382	8,470	1,264	7,005	1,021

The staff is trained in relation to: general training, specific training depending on the level of risk, specific training refresher, training and training in the use of third category personal protective equipment, initial training and refresher training for fire fighting personnel (medium risk or high), first training and refresher course for first aid worker, training for employee in the use of a defibrillator, first training and refresher course in the use of a forklift, first training and refresher course in the use of elevating platforms, training in the use of an overhead crane, training for electrical works (PES/PAV), first training and refresher courses for supervisors, first training and refresher courses for managers, training for workers operating in radio-protected areas, training for workers operating in confined spaces, first training and refresher courses for workers' representatives for safety, packaging and shipping of dangerous goods, training in the use of isocyanates.

To facilitate worker participation and consultation in development, Cefla provides **three communication methods**:

- from Management to the worker, through meetings, service communications, procedures and provisions;
- from the Worker to the Management, also through the consultation of the Workers' Representatives for Safety (RLS) and for the Environment (RLSA), communications during meetings and meetings;
- at a transversal level, among staff regardless of the roles held.

The main reasons for communication are: dissemination of the policy, objectives and goals relating to the management system, outcome of the risk assessment and the evaluation of environmental aspects, information and training of staff, operational information relating to the services, updating of procedures for carrying out services and activities, communications to be forwarded externally and management of obligations, as well as the level of application of the management system and the results of internal and certification body audits.

Communication can take place through meetings and assemblies, written and email com-

⁴³ The training included in the item "Other" comprises: training of radiation protection operators pursuant to Legislative Decree 101/2020, training of new employees in charge and refresher courses, specific training updates for workers, theoretical and practical ergo-postural training for low risk, training/coaching and for temporary job changes managed by department coordinators, refresher courses for fall arrest devices, refresher courses for PES-PAV electrical workers, initial training and refresher courses on the use of overhead cranes, first training and refresher courses for forklift drivers, first training and refresher courses for workers first aid, firefighting workers, defibrillator workers, training in the use of diisocyanate products, training and training in confined spaces.

munications, intranets and company sites, and noticeboards. The Corporate Communications function effectively manages external communications relating to the Company's image and information, while reports, requests for information and anything else relating to the management of the system are managed by the Management Secretariat, paying particular attention to the moments of reception, registration, response and choice of actions to be taken following the communication.

Workers participate in the following aspects relating to safety and health also through the RLS and RLST⁴⁴ appointed by them, the RLS are always consulted in the following cases:

- Update of risk assessment documents;
- Periodical encounters and annual meeting with Competent Doctor, Employer, RSPP.

The Company has created internal emergency teams for firefighting and first aid and, although it is not mandatory, for many years it has equipped three of its factories with defibrillators.

At least once a year RSPP, Employers, Prevention and Protection Service Officer (ASPP), Competent Doctor and RLS meet to review the following elements: examination of the Risk Assessment Documents (DVR) and any injuries or illnesses, any new Personal Protective Equipment (based on risk assessment) and the situation of training and information for workers; the Competent Doctor also presents his own report on surveillance visits. The meeting may result in new risk assessments to be carried out and improvement actions, which are formalized in minutes.

A frequent and formalized consultation relationship has been established between RSPP and RLS (at the request of one or the other or in any case on a planned basis) where the Workers' Safety Representatives expose any reports and the dangerous events and the advancement of prevention and protection measures. Periodic meetings are also planned between SPP and the managers of the various production areas.

Cefla initiatives for the promotion of health and safety at work

Also in 2023, Cefla's commitment to supporting the **Flu Vaccination campaign** was renewed by encouraging it among employees, with the entire cost covered by the company.

Cefla also actively supports the **Tavolo 81 Imola Association** which promotes and spreads the **culture of health and safety at work** in the Imola area. The Association, founded in 1999, organizes seminars, conferences and events every year on various current topics relating to health and safety. Furthermore, it organizes training interventions at schools in the Imola surrounding areas. During 2023 it organized seminars on the following topics:

- extreme weather events and emergency management (organised at the CEFLA headquarters in via Bicocca);
- the chemical risk and the carcinogenic risk: news;
- safety inclusion well-being - roles differences organization;
- the innovations brought by the labor decree regarding health surveillance (event rescheduled and implemented in 2024).

05.4

Customer relationship management

In 2023, some very valuable research activities have been developed to enhance efficient services to its customers. The three Business Units of Cefla (Finishing, Medical Equipment, Engineering) and the C-Led company are constantly listening to the needs of their customers and, in some cases, this listening has resulted in effective ad hoc collaboration with some customers who have given their contribution in building the specifications for the development of excellent products, allowing Cefla to progress technologically and to always be at the top in the various sectors of interest.

An example of the customer contact initiatives implemented by the BU Finishing is the creation of detailed product development plans, which start from the needs of the market, which are intercepted through the loyal relationship with its customers and which end with the promotion on the same markets as the products, services, solutions and technologies developed.

In 2023, during **international fairs**, such as the Ligna fair in Hannover, the main event in the woodworking sector, new products and innovations were introduced and presented, highlighting features and advantages linked to productivity and sustainability through videos and demos dedicated. Furthermore, a constant commitment to digital marketing provides customers and potential customers with content that increases awareness of the importance of taking action to be protagonists of change. This digital marketing activity uses specif-

ic software to ensure that sales can have real-time visibility into customer interactions while browsing and accessing the new website launched in 2023.

In October 2023, the Finishing BU also implemented an automatic system for **sending questionnaires to customers aimed at evaluating their satisfaction**. This process is automatically activated at the conclusion of a sales project. The system is integrated with software that manages the sending of the initial questionnaire and a reminder that follows after ten days. The responses received are analyzed to evaluate each phase of the process, from sales to testing of the system, including communication and the customer's perception of the brand.

During 2023, the Finishing Business Unit launched a **research project** focused on the development of Artificial Intelligence applications aimed at improving support and technical assistance to customers. Thanks to funds from the European Union's "NextGenerationEU" program, one of the main objectives will be to integrate a ChatBot based on a Large Language Model. This system uses Knowledge Management, documentation management and ticketing tools for after-sales service, offering operators useful resources to respond more quickly and effectively to customer requests, thus guaranteeing efficient and timely support.

A further example is the involvement by the Medical Equipment BU of a qualified

sample of customers through interviews in the various phases of product development. In particular:

- in the product design phase, customers are involved to define the commercial interest;
- in the product development phase, involvement is aimed at receiving feedback on the adopted solutions;
- finally, in the prototyping phase, with the aim of validating the work carried out.

Furthermore, dedicated meetings or conventions are planned during the product launch phase. Alongside this activity, events were organized in 2023 in the showroom of the Imola headquarters and abroad, aimed at presenting the upcoming products.

As regards the management of **complaints and returns**, the BU Medical Equipment has adopted a specific procedure aimed at resolving the problem reported

by the customer as quickly as possible and evaluating the effectiveness of the activities undertaken.

Always in constant search of the best solutions to offer, the BU Engineering has long foreseen daily interaction with its customers. The quality of the Business Unit's interventions is also guaranteed through the **continuous monitoring** of agreed performance indicators, as well as a by enabling the customer to access dedicated portals.

C-Led also monitors customer satisfaction by sending dedicated questionnaires on an annual basis. In 2022, the company also installed a **Customer Relationship Management (CRM)** software, a technology that allows you to manage all the company's interactions with existing and potential customers. In 2023, an employee training activity dedicated to CRM was implemented and in 2024 the software will make it possible to map the average response times to individual customer requests.



05.5

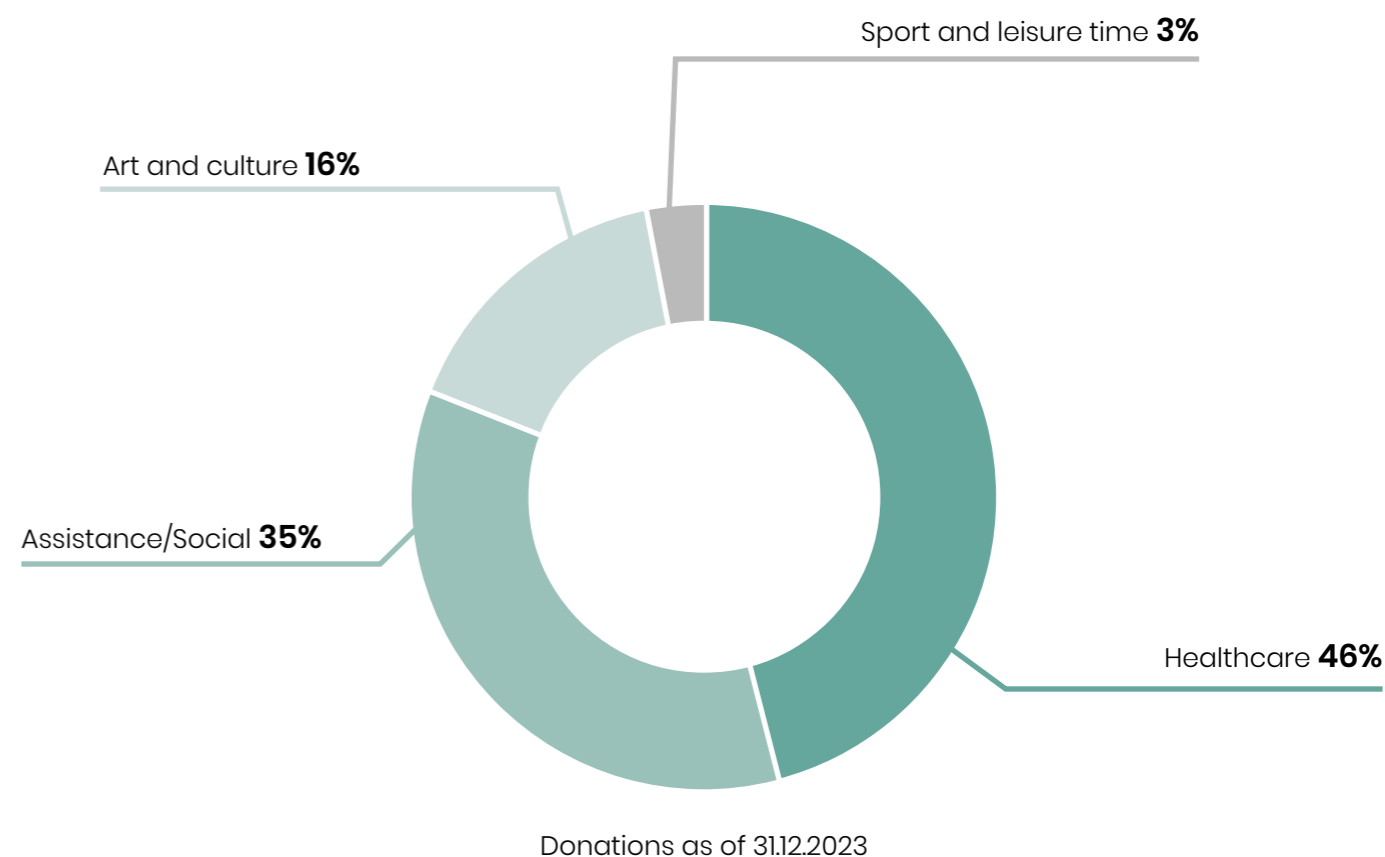
Community engagement and relationship with the territory

Despite the Group's international growth in recent years, Cefla continues to maintain its **closeness to the Territory and the local community** as one of its pillars, as well as an inherent value of its cooperative character.

For this reason, every year a budget is allocated dedicated to **donations and contributions to local organizations** such as health research institutions, non-profit organizations, youth sports associations, as

well as sponsorships of events in the municipality of Imola.

In 2023, Cefla's donations reached a total value of 187,775 euros, mainly used to support the community in the health and social care sectors. Some of the initiatives supported by the company also concerned art and culture and sport and free time. Below is a breakdown of the donations implemented in 2023, divided into the different areas.



In addition to cash donations, the Group has provided **donations of technical equipment** such as dental chairs and computers: in particular, some dental chairs have been allocated to charitable associations which will take care of the installation in clinics located not only in Italy but also in Syria, Ukraine and Uganda, for a total value of approximately € 16,500. Below is a detailed list of donations and disbursements:

- Two dental units to the A.I.B. and PC San Raffaele Cinema ODV volunteer team association.
- A dental unit to the Piero and Lucille Onlus Foundation.
- A contribution to the City of Imola for the sponsorship of *Imola in Musica* and *Bacchanal*.
- A contribution in support of the printing of the book "A Palace and a Sculptor" to EDITRICE NUOVO DIARIO MESSAGGERO publishing house.
- A contribution to the Per le Donne Imola association in support of the "Missione Parità" and "Informa Donna" projects.
- A contribution to Ascom Imola in support of the "Imola on Wednesday" initiative.
- Donations to Pro Loco Casalfiumanese, A.S.D. Imola Rugby, Società Grifo Teen Agers Imola, Atletica Imola Sacmi-Avis, Fondazione Montecatone Onlus, Speciabili Cultural Association, Foundation for research into cystic fibrosis, Associazione Tavolo 81, Asvis, Medical profession and in Health, LILT, Lions Imola Host, SEACoop SOC. COOP. SOCIALE, Cresci cantando Choir, Avis Polisportiva Imola, A.N.P.I., C.E.P.S.
- Donation of a dental unit to the ALEF Volunteer Association.
- Donation to the Imola International Academy Foundation "Meetings with the Maestro".
- Donation to the University of Catania

for the master's degree in Digital Dentistry.

- Donation to the Turkish Dental Business Association in support of the earthquake that hit Turkey.

Of particular importance, during 2023, was the support provided to employees affected by the consequences of the flood in Emilia-Romagna. For this reason, alongside contractual measures linked to paid leave, flex time and smart working⁴⁵, a cash donation has been provided for the Forest Guard Corps of Imola, intended for the purchase of basic necessities, and the donation of computers for employees or external parties involved in the atmospheric phenomenon.

Furthermore, between 2022 and 2023, the Engineering Business Unit developed together with **Mipu**, a young company specialized in predictive techniques and artificial intelligence, a series of solutions in the direction of the sustainable development objectives of the 2030 Agenda, explained through a cycle of **free webinars** open to all. The objective was to explain how appropriately designed or modernized systems can guarantee a positive environmental impact and, at the same time, greater economic profit.

The webinars, started in December 2022 and closed in April 2023, covered various topics, including energy efficiency, a business imperative and key measure in the fight against climate change, the management of water resources and the treatment of wastewater, such as measure to reduce pollution and protect and restore ecosystems, and the potential of the predictive factory, capable of reducing energy waste and making the use of raw materials more efficient thanks to artificial intelligence.

Open Day: a special day of visits to our company

In September 2023, the Imola headquarters in Via Bicocca hosted "**Come and discover our future**", the company's Open Day, a special moment of meeting between Cefla and the local community. The day saw the presence of over 2,000 visitors, with more than 120 guided tours led by volunteer Cefla staff employed in various roles, for a total number of 260 employees, who showed the company to the visitors with enthusiasm and passion.

The Open Day made it possible to tell citizens, employees' families, suppliers and local institutions about all the changes carried out by the Group in the different businesses, all focused on technological innovation of products and services.

The guided tours, partly carried out on a bus, also made it possible to see the expansions underway in the production and logistics areas of Via Bicocca. The journey started from the plants of the Business Unit Engineering, the historical soul of the company, presenting the Fuel Cell technology used in the new Cefla cogeneration plant. We continued towards the C-LED area where there were two novelties: the photobioreactor for the production of algae and the container used for the Vertical Farm⁴⁶. The visit continued inside the new Showroom & Training Center of the Business Unit Medical Equipment and, subsequently, in the Business Unit Finishing's lab, where the functioning of some painting robots and industrial digital printers was illustrated. After the visit to the production departments of the Business Unit Medical Equipment, the visit ended in the Cefla Auditorium, inaugurated in 2017.

During the day, a creative contest entitled "How do you imagine the place where your father or mother works?" was organized, in order to engage the children of Cefla employees. The participants - aged between 4 and 11 years - were asked to create a drawing that was representative of their parent's work context. The drawings were exhibited during the Open Day and all the children participating in the contest were given a symbolic prize.

Furthermore, the following weeks saw the organization of a dinner to thank the 260 employees who participated and contributed to the realization of the event.



45. For further information, see the in-depth box in section §5.2.1 "Internal climate and organizational welfare".

46. For further information on this, see section §3.2 "Innovation, Research and Development".



Cefla joins Impronta Etica

Etica Since January 2023, Cefla has become a member of Impronta Etica, a non-profit association that has been promoting the development of sustainability and corporate social responsibility since 2001, by creating virtuous networks between companies, with particular reference to the Emilia-Romagna area.

Cefla's membership reflects the Group's commitment to promoting sustainability in all its meanings, through sharing its experience with other local entities. The objective is in fact to pass the baton to future generations, ensuring that the company, the territory and the social fabric in which Cefla operates continuously improve and create value over time, investing for the territory, the future and the cooperative movement.

In the last months of 2023, Impronta Etica also marked an important milestone in its history, with the publication of the first Triennial Impact Report 2020-2022. The document illustrates the results produced and the impact generated on stakeholders, with reporting on the activities carried out in the period.⁴⁷

05.5.1 Collaboration and partnership with the school and university world

The Cefla Group confirms its active role in collaboration with local schools and universities, geographically extending its network in parallel with business.

During 2023, **50 students were hosted through courses for transversal skills and orientation (PCTO), scholarships, university and extra-curricular internships and placements.**

Furthermore, during the year, Cefla hosted at its headquarters some groups of students from the Alberghetti Institute of Higher Education in Imola coming from the Industrial Technical Institute - ITIS and the Scientific High School of Applied Sciences.

These visits represent a special "trait d'union" between school and the opportunities

of the world of work and allow the Group to strengthen the bond with the territory. In fact, they involved over 300 students, giving them the opportunity to get to know the company, explore its businesses and distinctive characteristics. The visit routes allowed the students to enter different company areas, also allowing them to experience moments of working life.

Finally, in the first months of 2024, the Group participated in the **Career Day** organized by the University of Bologna with the aim of knowing and making itself known by young people in the area, as well as encouraging meetings between Cefla and graduates from the various fields of study. Overall, the event saw the participation of 180 companies and a total of 2600 attendees.



Cefla joins FITSTIC

In December 2023 Cefla became part of the prestigious parterre of members of the **ITS Academy FITSTIC (Fondazione Istituto Tecnico Superiore Tecnologie Industrie Creative)** which, through its ITS courses spread across eight different locations in the Emilia-Romagna area, offers the possibility to over 400 students to participate in two-year post-diploma training courses, focused on the development of technical-technological skills in the digital and fashion fields.

The alliance between FITSTIC and Cefla, which today employs around 2,000 people worldwide between production plants and branches in Europe, the United States, the Middle East, India and China, will allow ITS students in the Emilia-Romagna ITC sector to be given **new exciting internship opportunities**, through which to concretely experiment and put into practice in the field the skills acquired during the course of study, which could turn into real job opportunities.

47. For further information please refer to the following links: [Cefla nuovo Socio di Impronta Etica - Impronta Etica](#) and [Report Impatto - Impronta Etica](#)

06 Information on governance

Highlights



Adoption of the **"INTEGRITY CEFLA" IT SYSTEM** > for reporting

ISO 37001 CERTIFIED
Corruption Prevention Management System >

(Cefla Tech)

ISO 27001 CERTIFIED 
Information Security Management System >

(Cefla Tech)

> **MONITORING OF SUPPLIERS**

via questionnaires



Achievement of the > **LEGALITY RATING**

with a score of ★★++ (Cefla S.C.) and ★★+ (Cefla Tech)

Registration of Cefla S.C. in the > **WHITE LIST** AGAINST MAFIA INFILTRATION

> **82%** of suppliers located in Italy



Over **800** employees involved in > **TRAINING COURSES**

on GDPR and Privacy Code



Objectives for the future

- Implementation of a Training Plan on business conduct issues aimed at members of the Board of Directors, Management Committee, Board of Statutory Auditors, Supervisory Body and members of the ESG Committee
- Mapping the maturity levels on ESG issues of the Group's supplier base
- Consolidation of workers' engagement activities along the Group's value chain

Associated material topics

- Ethics and integrity in business conduct
- Governance and risk management
- Privacy and safety of data and information

SDGs



06.1

Ethics, compliance and controlling bodies

Cefla works according to a serious code of conduct, based on shared values:

- Preserve heritage over time and ensure development for future generations
- Satisfaction of key players: customers, suppliers, partners and employees
- Proactivity towards change and continuous improvement
- Synergistic development and maximization of skills

Through resolution of the Board of Directors, Cefla S.C. already in 2013 introduced an organization, management and control model pursuant to Legislative Decree. 231/2001 (hereinafter also "MOG"), which collects, lists and informs about the rules and procedures to be followed in the context of company activities.

The MOG, whose last update dates back to March 2022, applies only to Cefla S.C. and refers to both internal relationships and relationships with external interlocutors of the company. This Model is aimed at preventing crimes in the areas governed by Law 231, i.e. corruption, false accounting, money laundering, violation of workplace health and safety protection regulations, violation of environmental regulations, etc. To this end, within the risk sheets attached to the MOG, the company areas that present possible corruption risks have been identified such as, for example, Administration & Finance, Commercial, Purchasing, HR, Legal. For each of them, the extent of the risk was assessed and the relevant mitigation measures were identified.

Through the adoption of this Model, the Board of Directors of Cefla S.C. intended to pursue the following objectives:

- give a formalized structure to the methods of exercising powers, clearly expressing which subjects have decision-making powers, which have management powers, which have spending authorization powers, for which types of activity, with what limits;
- concretely implement the principle of functional segregation/contraposition of interests, in order to avoid excessive concentrations of power in the hands of individual offices or individuals;
- avoid the convergence of spending powers and control powers and distinguish between authorization powers and organizational and management powers;
- provide for the formalization of the powers of representation also externally;
- guarantee that the assignments of tasks are official, clear and organic, using formal procedures for them and avoiding both power gaps and overlapping competences;
- ensure the verifiability, coherence and congruence of every company operation;
- guarantee the effective correspondence between the models of representation of the organizational structure and the practices actually implemented;
- favor a transparent approach, with reference to the making of decisions that may expose Cefla to liability for administrative offenses resulting from crime.

The Supervisory Body, appointed by the Board of Directors, carries out the task of supervising the functioning and observance of the Model and ensuring that it is updated; is endowed with autonomous powers of initiative and control. There is also Function 231, made up of two internal resources with the function of operational support to the SB, with the related collection and management of information flows.

Cefla S.C. has also adopted a **Whistleblowing Policy** dedicated to reporting illicit conduct and also applicable to Italian subsidiaries, with the aim of establishing principles of protection of the whistleblower and, to this end, establishing clear and identified **information channels** suitable for guaranteeing reception, the analysis and processing of reports, even anonymously, relating to violations of Model 231, of the Code of Ethics and of the Management System for the Prevention of Corruption (SGPC)⁴⁸ and, in general, of possible other illicit and irregular conduct detected within the Organization, defining the activities necessary for their correct management.

Employees have various reporting channels available, which include the dedicated e-mail address⁴⁹ and the postal service (including via internal mail). The **“Integrity Cefla” IT reporting system**, adopted in February 2023 and accessible via the intranet or web site, has been added to these channels. This platform allows to make reports, even anonymously, of any conduct committed in violation of the law, the Code of Ethics, Model 231 and, as applicable, the management system for the prevention of corruption.

In general, it is possible to report all illicit and irregular conduct detected within the company organization capable of causing damage, even potential, to Cefla S.C. and/or other Group companies or their employees,

partners and stakeholders.

To confirm the effectiveness of the safeguards, it is announced that, during 2023, Cefla S.C. has not undergone any provision relating to the application of pecuniary sanctions or disqualification sanctions in application of Legislative Decree 231/2001, nor have there been any convictions against its employees.

Furthermore, alongside the establishment of adequate reporting bodies and tools, Cefla S.C. carries out a process of **continuous information and awareness of its staff**, aimed at making each resource responsible for understanding and respecting the laws.

In continuity with previous years, the 2023 training plan provides for the regular provision of the **training session dedicated to new hires**. The program includes a first general part relating to Legislative Decree 231/2001 (in e-Learning mode) and a second detailed part (in the classroom or by videoconference) explaining the organization of Cefla S.C. and the specific risk area of competence of the figures involved in the training.

During the 2023 financial year, periodic training was provided to all employees, as well as ad hoc training for an internal resource regarding the new Italian Whistleblowing discipline. The general training on MOG 231 saw the participation of a total of **774 employees**, of which:

- 102 Corporate employees;
- 303 BU Medical Equipment employees;
- 155 BU Finishing employees;
- 214 BU Engineering employees.

In addition to training sessions, in order to guarantee correct information and compliance with Legislative Decree 231/2001, Cefla S.C. also provides:

- evaluation questionnaires at the end of each training moment;
- internal audit cycles (by Function 231);
- release of the annual report of the SB of Cefla S.C., shared with the Board of Directors and the Board of Statutory Auditors;

Recognizing the importance of ethical and social values in work and business, Cefla is committed to healthy and responsible management of its activities, to a transparent and sincere relationship with social interlocutors and to respect for the community of which it is part. This is where its **Code of Ethics**⁵⁰ was born and adopted, in January 2022.

It states:

- the general values and principles that Cefla intends to pursue and share with its Stakeholders;
- the rules of conduct of a particular nature, to which the Recipients of the Code of Ethics comply;
- the rules for implementing the Code of Ethics and monitoring its observance.

The rules of conduct, values and principles set out, forming part of the Governance system, establish Cefla’s commitment to operating “responsibly”, avoiding merely opportunistic operations and ensuring involvement and continuous dialogue for all stakeholders. In pursuing the company Mission, Cefla is committed to ensuring that the principles of the Code of Ethics are implemented and shared by the Management, by its collaborators (members and otherwise), by its customers and suppliers, as well as by civil society. Cefla’s commitment is aimed at ensuring that activities are carried out in compliance with the law, with honesty, integrity, correctness and in good faith, respecting the legitimate interests of employees, collaborators and contractual partners.

The Code of Ethics applies to Cefla and all Group companies, as well as to all their activities and must be implemented by all levels of the organization, in all countries in which Cefla operates. The Code of Ethics integrates company regulations, procedures and provisions, guiding the Recipients of the same in the performance of their functions. It represents an essential aspect of the quality of the employment relationship and failure to comply with it may lead to the application of disciplinary proceedings, even if consistent with the signed employment contracts.

The recipients of the Code of Ethics are:

- the members of the corporate bodies (presidents, directors and auditors);
- the employees and other subjects who, also through consultancy contracts, are subject to the management and control of the top functions that have given them the mandate, or are in fact subordinate to it;
- other Cefla collaborators who, directly or indirectly, permanently or temporarily, establish relations or relationships with Cefla in which they operate to pursue its objectives.

The Recipients must comply with the laws and regulations applicable in the various countries in which they are called to operate on behalf of Cefla, basing their behavior on the provisions of this Code of Ethics.

Given this, Cefla is committed to disseminating the Code of Ethics to all interested parties, to the correct interpretation of its contents and to making the tools that facilitate its application available. Furthermore, it adopts the necessary measures in order to carry out verification and monitoring activities of the application of the Code of Ethics itself, providing sanctions in case of its violation. For this purpose, the Supervisory

48. As applicable within the Organization.

49. The dedicated e-mail address is the following one: whistleblowingsegnalazioni@cefla.it

50. Cefla’s Code of Ethics is available here: [Code of Ethics](#)

Body has been identified as having the task, among others, of supervising the application of the Code of Ethics.

Finally, Cefla refers to the great values of civilization and democracy enshrined in the Constitution of the Italian Republic, the European Constitution and the Universal Declaration of Human Rights, recognizing dignity, freedom, equality, solidarity and justice as the basic values of civil life. In particular, it is fully recognized in the art. 41 of the Italian Constitution, according to which private economic initiative “cannot be carried out in conflict with social utility, or in such a way as to cause damage to security, freedom or human dignity”.

For this reason, Cefla establishes its activity on the principles defined in the Code of Ethics and declares itself free not to enter into or continue any relationship with anyone who demonstrates that they do not share its content and spirit and/or violates its principles and rules of conduct.

Cefla Tech Srl

During 2023, the subsidiary Cefla Tech obtained the maintenance of the certificate of its **Management System for the Prevention of Corruption** according to the ISO 37001 scheme, issued in May 2022 and subject to periodic audit activities.

Thanks to this management system, not only all Cefla Tech entities were involved but also numerous areas of Cefla S.C., such as the purchasing office, human resources, commercial area and corruption prevention compliance function, by virtue of the fact that multiple activities relating to the business and corporate management of Cefla Tech are carried out in outsourcing by the parent company Cefla S.C. For this reason and by virtue of the services contract, all re-

lated processes are equally subject to corruption risk assessment.

The **Corruption Prevention Policy** is communicated to all company staff and made available to interested parties, identifying the primary objectives:

- compliance with the laws on corruption, both in Italy and abroad;
- the prohibition of corrupt practices, both in an active form to the advantage of the company and in a passive form, to the advantage of the natural person possibly in conflict of interest with the Organization;
- the commitment to conduct one’s activities and business in such a way as not to be involved in any corruption and to avoid involvement in illicit situations;
- the commitment to create an environment unfavorable to corruption and to reduce the situations in which cases of corruption may occur;
- the identification, within the activities carried out, of the areas of potential risk and the identification and implementation of suitable actions to reduce/minimize the risks themselves;
- the training of staff, in particular those employed in areas at greatest risk of corruption;
- the involvement of all staff in reporting violations or suspected violations of the anti-corruption policy, anti-corruption management system requirements or laws;
- the protection of staff who make reports from any retaliation, discrimination and sanctions; - full satisfaction of the requirements of the management system for the prevention of corruption;
- the continuous improvement of the management system for the prevention of corruption;
- the independence and authority of the

Compliance Function for the Prevention of Corruption, the composition of which is disclosed within the company.

Cefla S.C. has formally committed to respecting Cefla Tech’s anti-corruption policy.

For the purposes of compliance for the prevention of corruption, Cefla Tech has also established a collegial body, composed of 2 to 5 members and equipped with adequate authority, independence and financial autonomy, which has the following responsibilities:

- supervise the design, implementation and updating of the management system for the prevention of corruption;
- provide assistance and support to staff for all matters relating to the management system for the prevention of corruption;
- ensure that the management system for

the prevention of corruption complies with the ISO 37001 standard taken as reference;

- inform the Board of Directors about the performance of the management system for the prevention of corruption.

In 2023, Cefla Tech also carried out a **Training plan** which included the provision of training courses dedicated to top management figures, medium/high risk figures and new hires. Furthermore, to maintain the Certification, the **Auditor Course 37001** will be provided to additional employees of both Cefla Tech and Cefla S.C.

Legality Rating and White List

On August 29, 2023, Cefla was acknowledged with the attribution of the **Legality Rating** with a score of ★★+. The certification was obtained, on October 24, 2023, also by Cefla Tech, with a score of ★★+.

This certification, issued by the AGCM and valid for two years, renewable upon request, attests to the legal reliability of the company, compliance with parameters aimed at limiting and combating the possibility of infiltration, within the same business reality, of organized crime, hypotheses of corruption, as well as the financial reliability of the company itself in relations with public financiers.

In 2023, the registration of Cefla S.C. was also renewed on the **White List against mafia infiltration**.

06.2 Privacy protection

The personal data processing management system adopted by Cefla S.C. is based on the commitment of all company functions involved in the processing of personal data to operate in full compliance with the internal compliance procedures and instructions adopted.

In compliance with the provisions introduced by the EU European Regulation 2016/679 of April 27, 2016 (GDPR) and with the provisions of Legislative Decree no. 196/2003 (Privacy Code), as amended by Legislative Decree no. 101/2018, starting from 2018 Cefla S.C. has developed and implemented a structured activity to adapt internal processes, contractual documents and information systems to safeguard the protection and security of personal data. In compliance with the provisions of the GDPR, therefore, Cefla S.C. and all the Italian companies of the Group, for which the regulatory obligation exists, have prepared a **Register of data processing** carried out as part of their respective activities, with a relative description of the security measures adopted.

In order to implement the guiding principles of the GDPR legislation, Cefla S.C. has implemented, and continues to perfect, a system of technical and organizational measures for the protection of personal data in all its areas. In particular, the Organization is careful to monitor any changes to the status quo (both in the design phase of a new treatment and in the modification of an existing treatment) of the company processes that involve the processing of personal data, regardless of the nature of the processing, business or

functional areas, or processing methods. To this end, Cefla S.C. introduced specific procedures:

- procedure for managing the rights of interested parties;
- procedure for managing personal data breaches;
- privacy by design and impact assessment (DPIA) procedure.

There are also procedural guidelines, functional to the correct use of company equipment and systems, as well as security in data processing, delivered upon entry to new hires and available on the company intranet.

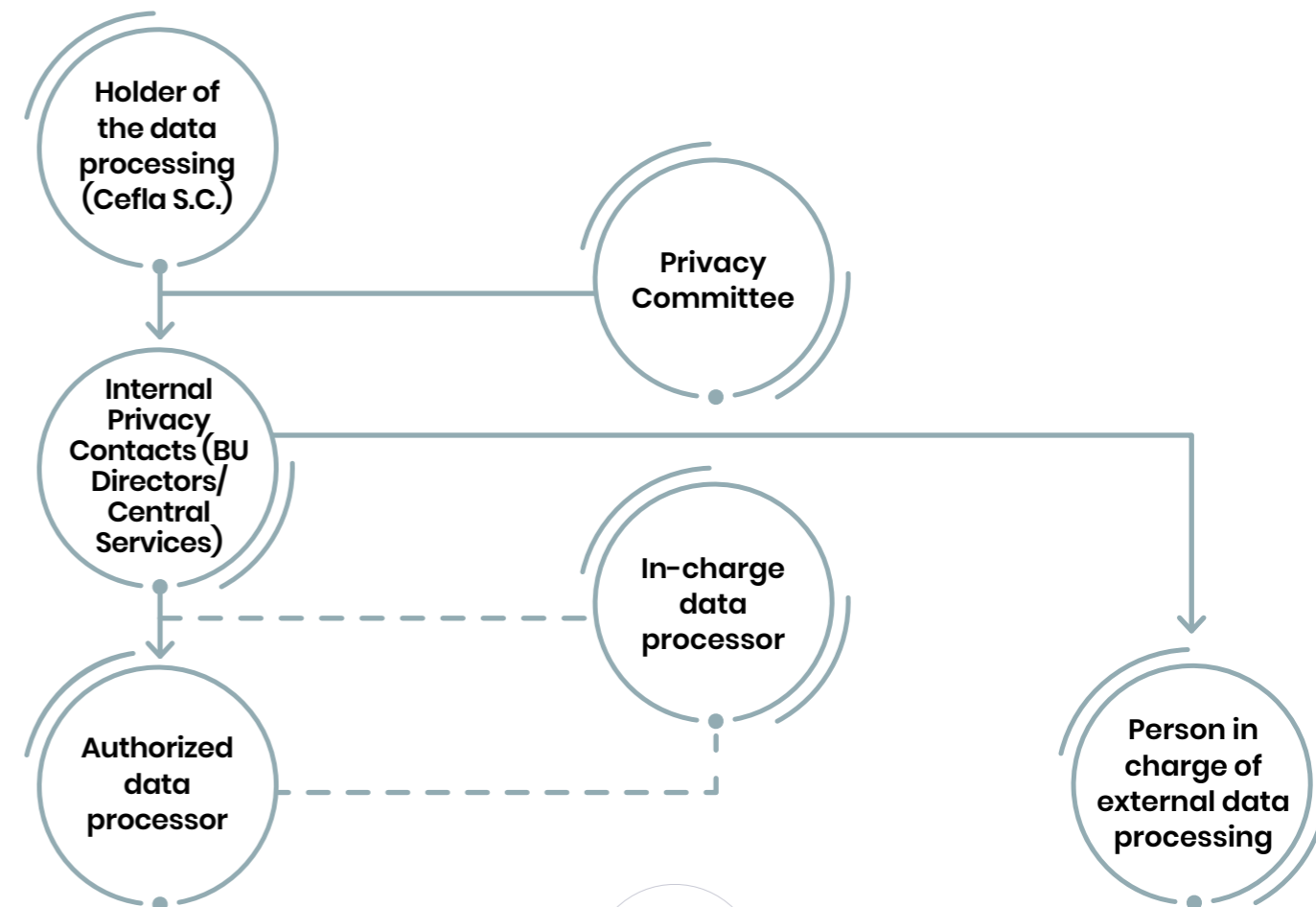
Cefla S.C., as data controller, taking into account the multi-business peculiarities, its organizational structure and the consequent management complexity, has established a **Privacy organizational model** based on a system of delegations conferred directly by the Board of Directors to identified top management subjects by area of expertise (**Internal Privacy Contacts**). They operate as delegated subjects and representatives of the data controller within the limits of the company functions performed and have all the decision-making and spending powers as well as the organization, management and control powers required to guarantee compliance with the GDPR and the Privacy Code and any other current provision or procedure regarding privacy. All Cefla employees are appointed as **Authorized data processors** by the relevant Internal Privacy Contact person based on the tasks performed and the authorization profile assigned.

Since 2019, Cefla S.C. has established the **Privacy Committee**, an internal collegiate body with interdisciplinary skills, responsible for corporate support in the management of privacy issues, which operates in full autonomy and independence. By resolution of the Board of Directors, Cefla has appointed the **System administrators**, with diversified functions depending on the area of operation. 10 employees currently hold this role, of which 4

will be appointed during 2023.

Furthermore, each Internal Privacy Contact person appoints - as **persons in charge of external data processing** - the service providers in their area who, depending on the activity performed, process personal data on behalf of the Data Controller. The appointment is made on the basis of a contractual standard compliant with current legislation.

The organizational chart related to privacy issues of Cefla S.C. is structured as follows:



Any requests are managed by the Privacy Committee via the dedicated email address privacy@cefla.com in compliance with the procedure for managing the rights of interested parties and with the procedure for managing personal data violations. Alongside it, the aforementioned "Integrity Cefla" IT reporting system can be used to report any illicit and irregular conduct also in the field of personal data protection and IT security.

Also for 2023, the BU Medical Equipment BU of Cefla S.C. confirmed the maintenance of **product certification** for compliance with the **ISDP@10003:2020** requirements - Requirements and control rules for the certification of processing processes with regard to the assessment of respect for the fundamental rights of natural persons and the free circulation of data.

The products subjected to certification were:

- the "NNT/iRYS Software" for processing relating to the acquisition, processing, storage and export from devices of a given 2D and 3D image and related assistance services;
- the Cloud Easy Check and D.I.V.A. platforms intended for distributors and

end users of dental units, autoclaves for monitoring data relating to maintenance, errors produced by the devices and usage statistics.

Furthermore, with reference to issues related to privacy, **training courses** were provided in 2023 which, specifically, provided massive training in e-learning mode on the GDPR and the Privacy Code which involved a total of **846 employees**, of which:

- 740 Cefla S.C. employees;
- 72 Cefla Tech employees;
- 2 Cefla Gest employees;
- 10 C-LED employees;
- 22 BIOSAF IN employees.

Furthermore, the Legal Affairs & Compliance Office organized and led a specific training session, dedicated to the corporate privacy management system as part of the training course for new hires. The training includes an e-learning module on the GDPR and the Privacy Code and a classroom/videoconference module for the explanation of the risks linked to the service/activity in which the individual employee will be included, the processing of the reference register, as well as the corporate privacy structure. This initiative saw the participation of 52 employees.



06.3

Information Technology & Security

With regards to Information Technology and Information Security, the ICT Management of Cefla S.C. equipped itself with an organizational model aimed at:

- Create an ICT organization attentive to business priorities which, with a "customer centric" approach, is proactive and innovative in promoting the digitization of processes and in the creation of an efficient and effective IT architecture.
- Define group policies, in the ICT field, which guarantee security, resilience and reliability of the Cefla Group's IT architecture.

It includes:

- **Central teams**, dedicated to the management of ICT policies and services across all business lines;
- **Teams detached to each Business Unit**, dedicated to "demand management" and the development of the digitization of the specific Business Unit.

The ICT Management organizes its services according to some methodological frameworks and management systems:

- **ICT Service Management:** the adopted reference is the ITIL framework. Internal staff members with key roles are certified ITIL Foundation V4;
- **Information security management:** the adopted reference is the ISO 27001 standard. Internal staff members with key roles are certified ISO 27001 Internal Auditor.

The subsidiary Cefla Tech has the **Informa-**

tion Security Management System (ISMS) certification according to the **ISO/IEC 27001** standard. This certification implies an independent and qualified control regarding the quality of the controls relating to information security, in line with international best practices and company objectives. Furthermore, a further reference adopted in the Cybersecurity field is the **NIST framework**.

During 2023, the "Disaster Recovery" project was started and completed, which saw the implementation of a Secondary Datacenter that hosts a replica of the ICT Services with specific time targets for information recovery in the event of a malfunction.

The main **planning tools** related to Information Technology are:

- **Business Plan** which outlines the strategic lines of the group, reviewing them at least annually. The ICT projects are defined in reference to the strategic lines and in support of them;
- **ICT budget** which defines the objectives of the fiscal year, then identifies the projects (strategic and otherwise) approved by the Management, plans them for the year and allocates the necessary funds. Added to this are the recurring services and investments in technologies necessary for their allocation;
- **Project portfolio** which represents the planning of the projects approved in the budget going down to a level of detail which defines the level of risk, the planning, the benefits in terms of positive impact, the defined deliverables, the organization and the budget;

- **Cybersecurity Roadmap** which represents the multi-year guideline of the activities defined for the Cybersecurity area. It aims to guarantee a continuous evolution of company defenses against Cyber risks;
- **Capacity Planning of ICT systems** which is the set of actions and tools that allow IT services to function correctly and always have the resources necessary for their optimal delivery, also ensuring their scalability in relation to historical growth series and planned projects. The Capacity Planning process is connected to the monitoring process, which constantly monitors the level of use of the most critical ICT resources.

Therefore, Cefla S.C., through its ICT Management, operates according to consolidated policies, relating to five areas of intervention:

I. Innovation and digitization projects management policies

These policies represent the “golden rules” for the management of ICT projects. They define the prerequisites for carrying out a project and are based on the identification of the phases of a digitization project, on the steps and typical obligations of each of the identified phases, on the identification of the outputs of each phase.

These also include the **Policies for the acquisition and development of ICT solutions and relationships with suppliers**. They contain the guidelines to be considered in the acquisition or development of ICT solutions, with the aim of creating secure, high-performance and resilient solutions. These policies consider aspects such as: separation of environments, correct methods of managing production environments,

security policies in the development of ICT solutions, change control, testing procedures, data processing and management of relationships with suppliers.

II. Policies to support business operational continuity

They include the set of activities aimed at ensuring the resilience of ICT systems with respect to faults and malfunctions, as well as activities aimed at restoring the state of the information system or part of it with the aim of returning it to the conditions prior to a disastrous event, including the physical and organizational aspects and the people necessary for its operation.

The mainly considered aspects are:

- high reliability architectures of critical systems;
- primary data center for the provision of ICT Core services, certified according to the ANSI-TIA 942 Tier IV standard;
- Disaster Recovery data center for the replication of critical ICT systems;
- high-capacity and redundant communication lines;
- secure remote accessibility to ICT services.

III. Policies for ICT security management

They include the set of measures for the protection of company and personal data, connected information, ICT systems, communication lines against possible cyber-attacks.

Policies are identified for Cybersecurity, for the management of IT incidents, for the protection of information and data, for the monitoring and capacity planning of technological assets and ICT services.

IV. Policies related to personal equipment, collaboration solutions and asset management

They include:

- Personal Workplace: Acceptable usage policy;
- Workplace Security;
- Clean Desk Policy;
- E-mail management and collaboration tools;
- Mobile Device Management;
- Asset management.

V. Policies for digital identity and logical access management

They identify the measures that govern the control of logical access to company systems and data which must be based on the concept of “least privilege”. Particular measures are also identified for the management of privileged access.

06.4 Supply chain

The responsible management of the supply chain is an aspect of great importance in Cefla. Building solid relationships with suppliers is in fact of pivotal importance, in order to guarantee a balance between competitiveness, environmental support, competence and Corporate Social Responsibility, concepts also contained within the Code of Ethics.

Given the diversity of the organization's operations, strategic and integrated management of relationships with its suppliers appears to be a key aspect to monitor, and which requires high attention from the organization. For this reason, Cefla's organizational model with respect to the procurement area is divisional by Business Unit, and centralized in relation to common services (such as telephony, fleet of vehicles, specialist technical consultancy services, etc.) and corporate investments. A "federation" logic is therefore implemented, born from the fact that the diversification of the organization includes activities with different product and market cultures and logics.

To plan procurement activities, the Group uses all the tools integrated into the company such as the three-year development plan, budgeting systems, quarterly trends and forecasting tools. All initiatives towards suppliers are consistent with the Group's medium-long term objectives and reported within the Continuous Improvement Plan.

Cefla manages relationships with its suppliers by formalizing the general purchasing conditions, which govern purchase orders, prices, timing, management of any delays,

guarantees and other elements aimed at defining in a clear and transparent manner the methods of carrying out orders.

The Group undertakes to strictly respect the payment terms agreed in the purchase contract, and verifies that the suppliers in turn respect them towards their collaborators and suppliers.

To this end, the Group has equipped itself with a specific procedure for managing payments and uses a specific financial reliability reporting service made available by a specialized company, which allows the monitoring of the historical performance of payments to customers. suppliers ("Paydex index").

The Business Units source supplies independently, based on their quantitative and qualitative needs, sharing at group level:

- Centralized supplier coding;
- General purchasing conditions;
- 231 Organizational Model;
- Ethical code;
- Privacy.

Each BU is equipped with specific procedures for **managing non-conformities** that may arise along the supply chain. Assessments and checks carried out on suppliers generally follow the principles defined within the **Quality Management System (ISO 9001/ISO 13485)**.

The BU Finishing, for example, manages the detected cases of non-conformity for the purposes of **Supplier Evaluation**. This is car-

ried out monthly and includes the analysis of the following parameters:

- **Product Quality:** is assessed based on the returns on the total delivered by the supplier and the impact (severity) of any non-conformities (serious non-conformities are, for example, those that determine the compromise of the safety of workers or structural parts of the machine);
- **Timeliness of deliveries:** refers to the period between the confirmed and the actual delivery date;
- **Quality of Service:** is assessed based on the number of non-conformities relating to the service.

Similarly, within the BU Engineering, the supplier/subcontractor evaluation mechanism splits the evaluation into two different moments:

- 1) **First qualification:** is carried out for all suppliers/subcontractors not already included in the supplier list and for which an in-depth preliminary analysis is necessary, by completing questionnaires and requesting various documentation;
- 2) **Periodic evaluation:** for suppliers/subcontractors with whom there is continuous collaboration, an evaluation by the project managers is envisaged on the execution of the works and the maintenance of quality, safety and environmental requirements during the activities.

The Group is also carrying out a **mapping of the characteristics of its suppliers**, by sending specific questionnaires built in accordance with international regulations such as the UN Agenda 2030, the United Global Compact and the EU Taxonomy. These questionnaires are completed by suppliers on a voluntary basis and are managed via a specific digital platform. In this way, the Group is able to qualify and evaluate its Supplier Register also from a sustainability point of view.

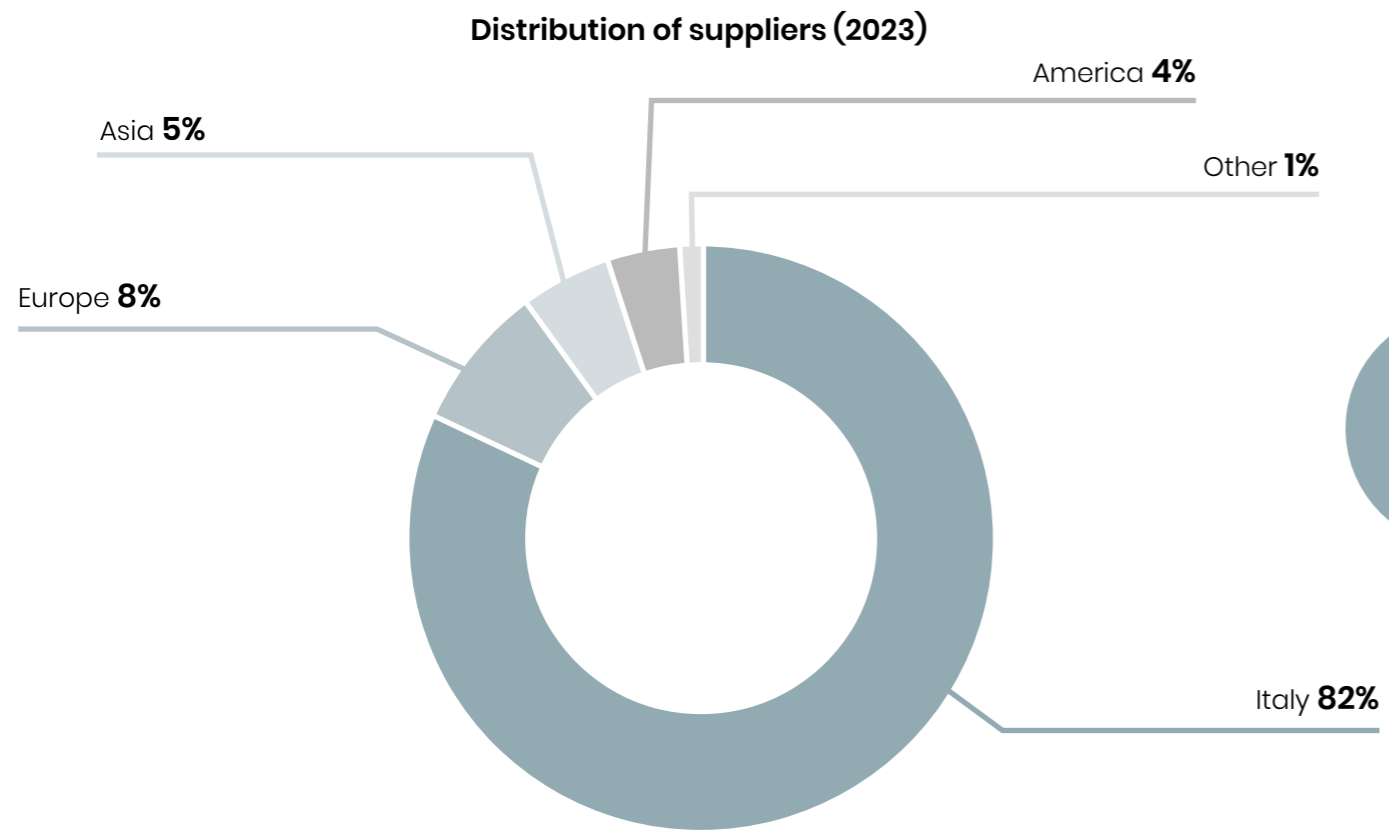
In general, to carry out its activities, Cefla uses suppliers of material useful for the production of machinery, as well as service providers, aimed at satisfying its end customers. The organization is committed to implementing responsible management of the supply chain in economic, social and environmental terms, promoting projects and initiatives for the development of the economies of the territory in which it operates.

Over the years, the Group has turned to suppliers from all over the world, counting a total of approximately 3,700 suppliers during 2023. The following table shows the percentage of suppliers Cefla has turned to and the percentage of the procurement budget divided by Italy and the rest of the world.

SUPPLIERS	2021		2022		2023	
	Italy	Rest of the world	Italy	Rest of the world	Italy	Rest of the world
Distribution of suppliers	84%	16%	82%	18%	82%	18%
Distribution of procurement budget ⁵¹	82%	18%	82%	18%	88%	12%

In 2023, the Group referred 82% to suppliers located in Italy, in line with what they recorded in previous years. The following graph

shows the detail of the geographical distribution of suppliers with reference to the same financial year⁵².



During 2023, an agreement was made with the Lufthansa airline, for the partial use of SAF fuel (aviation fuel produced from various waste materials, such as used oils and fats, municipal solid waste, agricultural and industrial waste forestry).

Furthermore, the Group's electricity supplies have been reduced thanks to the new photovoltaic system at the Imola headquarters in Via Gambellara and the Fuel Cell system at the operational headquarters in Via Bicocca.

51. For the calculation of the percentage of the procurement budget used for significant operating locations and spent on local suppliers, the companies belonging to the scope of this Sustainability Report were considered as "significant operating locations" and the companies based in Italy were considered "local".

52. "Europe" includes European suppliers excluding Italian ones; "Other" includes all suppliers based in geographical regions other than those identified.

07

Attachments to the Sustainability Report

07.1 GRI Content Index

Declaration of use	The Cefla Group has drawn up this Sustainability Report according to the approach "in accordance with GRI Standards" for the period from January 1 to December 31, 2023.
GRI 1	GRI 1: Fundamental Principles 2021.

GRI Sustainability Reporting Standard		Page no. / notes	
General information			
GRI 2: General Disclosures 2021	2-1	Organizational details	Pag. 6-7
	2-2	Entities included in the organization's sustainability reporting	Pag. 6-7
	2-3	Reporting period, frequency and point of contact	Pag. 6-7
	2-4	Restatements of information	Restatements of the information relating to GHG emissions and water withdrawals relating to the 2021 and 2022 financial years, and to waste relating to the 2021 financial year have been implemented.
	2-5	External assurance	Pag. 6-7
	2-6	Activities, value chain and other business relationships	Pag. 16-19
	2-7	Employees	Pag. 69-75
	2-8	Non-employee workers	Pag. 69-75
	2-9	Structure and composition of governance	Pag. 29-31
	2-10	Nomination and selection of the highest governing body	Pag. 29-31
	2-11	President of the highest governing body	Pag. 29-31
	2-12	Role of the highest governing body in overseeing impacts	Pag. 29-31
	2-13	Delegation of responsibility for impact management	Pag. 29-31

GRI Sustainability Reporting Standard		Page no. / notes	
General information			
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	Pag. 6-7
	2-15	Conflict of interest	Pag. 29-31, 99-103
	2-16	Communication of critical issues	Pag. 99-103
	2-17	Collective knowledge of the highest governing body	Pag. 43-46
	2-18	Performance evaluation of the highest governing body	For this reporting period the information is not available as there is no structured performance evaluation process.
	2-19	Remuneration policies	Pag. 76-79
	2-20	Process for determining remuneration	For this reporting period the information is not available due to incomplete data. For future years, the organization will provide greater disclosure.
	2-21	Ratio of total annual compensation	For this reporting period the information is not available due to incomplete data. For future years, the organization will provide greater disclosure.
	2-22	Statement on the sustainable development strategy	Pag. 2-3
	2-23	Policy commitments	Pag. 43-47, 99-113
	2-24	Integration of commitments into policies	Pag. 43-47, 99-113
	2-25	Processes to remedy negative impacts	Pag. 99-103
	2-26	Consultation mechanisms and expression of doubts	Pag. 99-103
	2-27	Compliance with laws and regulations	No significant cases of non-compliance with laws and regulations were found in 2023.
	2-28	Associations	In 2023 Cefla S.C. has joined ANIMA Confindustria, Meccanica Varia and Impronta Etica.
	2-29	Stakeholder engagement approach	Pag. 49-50
	2-30	Collective bargaining agreements	Pag. 76-79

GRI Sustainability Reporting Standard			Page no. / notes
Material topics			
GRI 3 – Material Topics 2021	3-1	Process for determining material topics	Pag. 47-48, 121-123
	3-2	List of material topics	Pag. 47-48
Economic performance			
GRI 201 – Economic performances 2016	201-1	Economic value directly generated and distributed	Pag. 24-25
GRI 202 – Presence on the market 2016	202-2	Proportion of senior managers hired from the local community	Pag. 69-75
GRI 204 – Procurement practices 2016	204-1	Proportion of spending on local suppliers	Pag. 110-113
Ethics and integrity in business conduct			
GRI 201 – Economic performances 2016	201-1	Economic value directly generated and distributed	Pag. 97-113
GRI 205 – Anti-corruption 2016	205-2	Communication and training on anti-corruption policies and procedures	Pag. 99-103
	205-3	Corruption incidents confirmed and actions taken	In 2023 there were no incidents of corruption
GRI 206 – Anti-competitive conduct 2016	206-1	Lawsuits for anticompetitive behavior, antitrust and monopolistic practices	In 2023, no lawsuits for anti-competitive conduct, anti-trust and monopolistic practices were detected
Energy efficiency			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 55-60
GRI 302 – Energy 2016	302-1	Energy consumption within the organization	Pag. 58-60
	302-4	Reduction of energy consumption	Pag. 58-60
Fight against climate change and management of emissions			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 55-60
GRI 305 – Emissions 2016	305-1	Direct GHG emissions (Scope 1)	Pag. 58-60
	305-2	Indirect GHG emissions from energy consumption (Scope 2)	Pag. 58-60
	305-4	Intensity of GHG emissions	Pag. 58-60







GRI Sustainability Reporting Standard			Page no. / notes
GRI 303 – Water and wastewater 2018	303-3	Water withdrawal by source	Pag. 61-65
GRI 306 – Waste 2020	306-1	Waste production and significant waste-related impacts	Pag. 61-65
	306-2	Management of significant impacts related to waste	Pag. 61-65
	306-3	Waste produced	Pag. 61-65
	306-4	Waste not intended for disposal	Pag. 61-65
	306-5	Waste intended for disposal	Pag. 61-65
Working conditions, internal climate and welfare			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 67-82
GRI 401 – Occupation 2016	401-1	Hiring and turnover	Pag. 69-75
	401-2	Benefits for full-time employees that are not available to temporary or part-time employees	Pag. 80-82
	401-3	Parental leave	Pag. 80-82
GRI 405 – Diversity and equal opportunities 2016	405-1	Diversity in governance bodies and among employees	Pag. 69-75
	405-2	Ratio of basic salary and remuneration of women compared to men	Pag. 76-79
GRI 406 – Non-discrimination 2016	406-1	Cases of discrimination and corrective actions taken	Pag. 69-75
Health and safety at work			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 83-88
GRI 403 – Health and safety at work 2018	403-1	Occupational health and safety management system	Pag. 83-88
	403-2	Hazard identification, risk assessment and accident investigation	Pag. 83-88
	403-3	Occupational health services	Pag. 83-88
	403-4	Worker participation and consultation and communication on health and safety at work	Pag. 83-88
	403-5	Training of workers on health and safety at work	Pag. 83-88









GRI Sustainability Reporting Standard			Page no. / notes
GRI 403 – Health and safety at work 2018	403-6	Promotion of workers' health	Pag. 83-88
	403-7	Prevention and mitigation of workplace health and safety impacts within commercial relationships	Pag. 83-88
	403-9	Injuries at work	Pag. 83-88
	403-10	Professional diseases	Pag. 83-88
Development and training of resources			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 76-79
GRI 404 – Training and education 2016	404-1	Average hours of training per year per employee	Pag. 76-79
Quality, safety and reliability of products/services			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 32-42
GRI 416 – Health and safety of customers 2016	416-2	Incidents of non-compliance regarding impacts on the health and safety of products and services	In 2023, no cases of non-compliance regarding impacts on the health and safety of products and services were recorded
Privacy and security of data and information			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 104-109
GRI 418 – Customer privacy 2016	418-1	Substantiated complaints regarding breaches of customer privacy and loss of customer data	In 2023, no complaints were received regarding violations of customer privacy and loss of customer data.
Innovation and digitization			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 29-42
Customer satisfaction and relationship management			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 89-90
Governance and risk management			
GRI 3 – Material Topics 2021	3-3	Management of material topics	Pag. 97-113






07.2

Evaluation of significant impacts, risks and opportunities

The following table describes, for each issue relevant to Cefla that emerged following the materiality analysis, the main impacts and associated financial effects:

Material topic	Main impacts (positive and negative ones)	Impact degree	Main financial effects (risks and opportunities)	Impact degree
Customer satisfaction and relationship management	<ul style="list-style-type: none"> Effective contribution to the satisfaction of real customer needs Availability in the markets of products and services with high environmental/social performance Strengthening the organization's reputational capital 	 <p>HIGH</p>	<ul style="list-style-type: none"> Fines and/or legal costs Loss/Gain of market share Worsening/improving reputation 	 <p>VERY HIGH</p>
Quality, safety and reliability of products/services	<ul style="list-style-type: none"> Compliance with laws and regulations (including voluntary ones) in the environmental and social fields Protection of the safety and fundamental rights of customers Health and well-being of customers, in terms of the absence of toxic materials/substances in the offered products 	 <p>HIGH</p>	<ul style="list-style-type: none"> Fines and/or legal costs Loss/Gain of market share Worsening/improving reputation 	 <p>VERY HIGH</p>
Innovation and digitization	<ul style="list-style-type: none"> Technological growth of the sector with a view to sustainability Stability of employment for company staff, based on the resilience and competitiveness of the Organization Availability in the markets of products and services with high environmental/social performance 	 <p>HIGH</p>	<ul style="list-style-type: none"> Loss/Gain of market share Minor/Major guarantee of Business continuity Improvement of operational processes Availability of technological and innovative infrastructures, patents and trademarks 	 <p>VERY HIGH</p>

Material topic	Main impacts (positive and negative ones)	Impact degree	Main financial effects (risks and opportunities)	Impact degree
Working conditions, internal climate and welfare	<ul style="list-style-type: none"> Compliance with laws and regulations (including voluntary ones) in the field of human rights and forced and child labor Improvement of the corporate climate and protection of freedom of association, collective bargaining and worker representation Protection of the psycho-physical well-being of employees 	 VERY HIGH	<ul style="list-style-type: none"> Minor/Major guarantee of Business continuity Loss/Attraction of talent Reduction/Increase in productivity Worsening/improving reputation 	 HIGH
Health and safety at work	<ul style="list-style-type: none"> Procedural and organizational measures that contribute to the reduction of accidents and cases of occupational diseases Reduction in levels of work-related stress experienced by company staff Strengthening the organization's reputational capital 	 VERY HIGH	<ul style="list-style-type: none"> Minor/Major guarantee of Business continuity Fines and/or legal costs Reduction/Increase in productivity Worsening/improving reputation 	 AVERAGE
Ethics and integrity in business conduct	<ul style="list-style-type: none"> Availability of investments/capital for the benefit of the individual company and the economic ecosystem in which it operates Well-being and prosperity of key stakeholders with whom the organization interacts 	 HIGH	<ul style="list-style-type: none"> Fines and/or legal costs Worsening/improving reputation 	 HIGH
Governance and risk management	<ul style="list-style-type: none"> Protection of legality and prevention of illicit behaviour Compliance with laws and regulations (including voluntary ones) in the economic, environmental and social fields Well-being and prosperity of key stakeholders with whom the organization interacts 	 VERY HIGH	<ul style="list-style-type: none"> Fines and/or legal costs Freezing of assets Worsening/improving reputation 	 AVERAGE

Material topic	Main impacts (positive and negative ones)	Impact degree	Main financial effects (risks and opportunities)	Impact degree
Training and skills development	<ul style="list-style-type: none"> Compliance with laws and regulations (including voluntary ones) in the field of training and skills development Stability of employment for company staff and opportunities for everyone to fully realize their potential 	 AVERAGE	<ul style="list-style-type: none"> Increase/Reduction in turnover and related costs; Minor/Major guarantee of Business continuity Loss/Gain of know-how 	 HIGH
Privacy and security of data and information	<ul style="list-style-type: none"> Protection of the security and confidentiality of customer information and of all parties with whom Cefla interacts Ability to prevent and manage cybersecurity incidents 	 AVERAGE	<ul style="list-style-type: none"> Fines and/or legal costs Loss/Gain of market share Worsening/improving reputation 	Non-material from an "outside-in" perspective
Energy efficiency	<ul style="list-style-type: none"> Reduction of the supply of energy from non-renewable sources during production processes and consequent reduction of the company's contribution to climate change Sensitivity and awareness of staff and the market on issues related to climate change 	 AVERAGE	<ul style="list-style-type: none"> Loss/Gain of market share Fines or costs for non-compliance Process development and technological innovation 	Non-material from an "outside-in" perspective
Fight against climate change and management of emissions	<ul style="list-style-type: none"> Protection of the ecosystems that underlie the entire economic and social system in which Cefla operates Exposure of local communities and the territory to extreme atmospheric events (for example: floods, inundations, hurricanes, desertification, etc.) 	 AVERAGE	<ul style="list-style-type: none"> Loss/Gain of market share Fines and/or legal costs Minor/Major access to credit Worsening/improving reputation 	Non-material from an "outside-in" perspective

Cefla S.C.:

Via Selice Prov.le, 23/a 40026

Imola (BO) Italy

+39 0542 653111

ceflaimola@cefla.it

Secondary Office:

Via Bicocca, 14/c 40026

Imola (BO) Italy

+39 0542 653111

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