



COSTRUZIONI Elettromeccaniche BRESCIANE



2018 CONSOLIDATED NON-FINANCIAL DECLARATION

Cembre S.p.A.

Head Office: Via Serenissima 9, Brescia, Italy
Share Capital: EUR 8,840,000 (fully paid-up).
Registration no: 00541390175 (Commercial Register of Brescia)

This document contains translations of the consolidated non-financial Declaration prepared in the Italian language for the purpose of the Italian law and of CONSOB regulations (CONSOB is the public authority responsible for regulating the Italian securities market)

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The corporate identity and Group profile

Founded in 1969 in Brescia, Cembre is a European leader in the manufacture of compression connectors and related installation tools with a ten-year history of successes and growth.

- 1969** Cembre (acronym for Costruzioni Elettro-Meccaniche BREsciane [Electro-Mechanical Constructions of Brescia]) is founded in Brescia
- 1977** Production is moved to the current office in via Serenissima, Brescia
- 1986** Cembre Ltd. is established in Coleshill, Birmingham, UK.
- 1988** Cembre S.a.r.l. is established in Bagneaux, Paris.
- 1990** The Cembre Quality Management System S.p.A. is certified by LRQA according to ISO 9000 standards
- 1994** Establishment of Cembre España SL in Madrid, Spain
- 1995** Establishment of Cembre AS in Stokke, Norway
- 1997** Cembre GmbH is established in Munich, Germany Cembre S.p.A. is listed on the Milan Stock Exchange
- 1999** OELMA s.r.l. is purchased, a company specialised in the production of cable glands and electrical materials in general. Cembre Inc. is established in Edison, New Jersey, USA
- 2001** Cembre S.p.A. enters the STAR segment of the Italian Stock Exchange MTA.
- 2002** Establishment of General Marking s.r.l. and acquisition of a company specialised in the production of row markers and electrical components
- 2008** Certification of the Cembre S.p.A. Environmental Management System in accordance with standard ISO 14001:2004
- 2011** Acquisition of 13,500 m2 of warehouses adjacent to the Brescia office
- 2012** Certification of the Cembre S.p.A. Worker Health and Safety Management System and that of the Italian regional offices, in accordance with standard OHSAS 18001:2007. Merger by acquisition of General Marking s.r.l. into Cembre S.p.A.
- 2016** Closure of Cembre AS.
- 2017** Certification of the Cembre Ltd Environmental Management System also in accordance with standard ISO 14001:2015.
- 2018** Cembre GmbH acquires IKUMA GmbH & Co. KG, a company specialised in marketing electrical materials, and IKUMA Verwaltungs GmbH, a non-operating company that carries out administration and management activities for IKUMA KG. Both companies have registered office in Weinstadt, near Stuttgart.

Since the very start, the company's policy can be summed up as a very simple concept:

“The Cembre S.p.A. management team and all its collaborators aim to pursue the satisfaction of their customers and stakeholders as identified in the context analysis: employees, shareholders, entities and communities”.

In order to achieve this aim, Cembre S.p.A. hinges its work on the following principles:

- continuous increase of efficiency and effectiveness in process management;
- research and innovation to improve existing products and offer innovative products that stay one step ahead of market demands and our competitors;
- expansion of commercial penetration;
- heightened accountability, involvement and participation of, and listening to, its collaborators;
- environmental protection through the reduction of the environmental impact, energy consumption and the production of pollutants;

Mission

Cembre collaborates with its product users to develop the best possible technical and economic solutions in the field of electrical connections.

- safeguarding the health and safety of all staff operating in Cembre and all those using Group's products through an analysis and systematic reduction of risks;
- continuous improvement of its Company Management System;
- compliance with relevant or subscribed provisions, whether from laws, national or international regulations or arranged by the parties themselves;
- respect and optimisation of the values set out in the Corporate Code of Conduct.

“The wealth of the range of products, the widespread nature and effectiveness of the sales network and the constant focus on customer needs, are further strengths boasted by the Cembre Group insofar as they are able to guarantee a significant commercial benefit in a global market that is evolving constantly.”

The Cembre Group management team has set itself the aim of structuring the Company in a modern manner within the European and international market and supplying all corporate levels with the general rules and procedures necessary to guarantee the maintenance and improvement of product quality, the safeguarding of the environment and health and safety at work. The Corporate Policy, prepared by the General Management, sets out the aims and general guidelines to be pursued in maintaining and improving the Company Management System; these aims can be achieved through:

- the use of suitable resources;
- the dissemination within and, where envisaged, outside the Cembre Group, of the Corporate Policy, aims, indicators and targets envisaged;
- training of all staff on the Company Management System;
- the sensitisation of all collaborators towards the importance of satisfying both internal and external customers' needs;
- monitoring customer satisfaction levels;
- compliance with laws, regulations, provisions and procedures;
- the regular review of the Company Management System.

The Corporate Policy, indicators and targets of the Cembre Group ensue from a careful, objective analysis of the internal situation, the results achieved and possible future developments, as well as of the external environment, customer demands and those made by other stakeholders.

The Company Management System, which is standardised in accordance with the provisions of standards ISO 9001:2015, ISO 14001:2015 and standard BS OHSAS 18001:2007 is the tool used to translate the principles of the Corporate Policy into goals, and monitor their achievement.

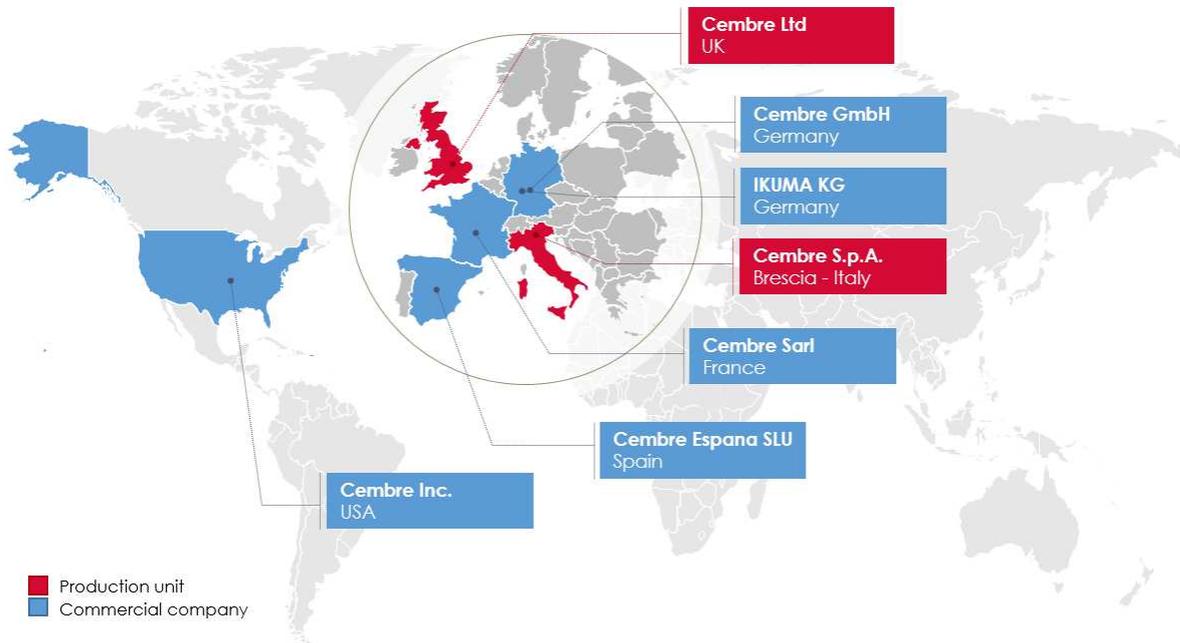
The Group Management, the directors of the subsidiaries and all managers of the various company areas are involved in encouraging staff to participate more and ensuring the continuous improvement of the effectiveness and efficiency of processes, in order to satisfy the established objectives.

All activities carried out by the Cembre Group are focussed on ensuring both internal and external customer satisfaction; this is constantly monitored, not only on the basis of the analysis of the complaints received, but through the documented monitoring of the activities carried out and the regular measurement of the quality of the services offered. The documentation collected is reviewed by the Managers in collaboration with the Company Management System Manager and the departments involved in the activities.

Group Structure

The Cembre Group consists of eight companies; the parent company Cembre S.p.A., based in Brescia, is the largest production unit and directly and indirectly holds 100% of all the Group companies. In addition to serving its Italian and foreign customers, the parent company also supplies products that are marketed by the foreign subsidiaries in the respective national markets. The Group's second most important production unit is based in Birmingham, in the United Kingdom and is mainly dedicated to the British market; the other six companies are instead purely commercial, with the exception of IKUMA Verwaltungs GmbH, a non-operating company that exclusively performs administration and

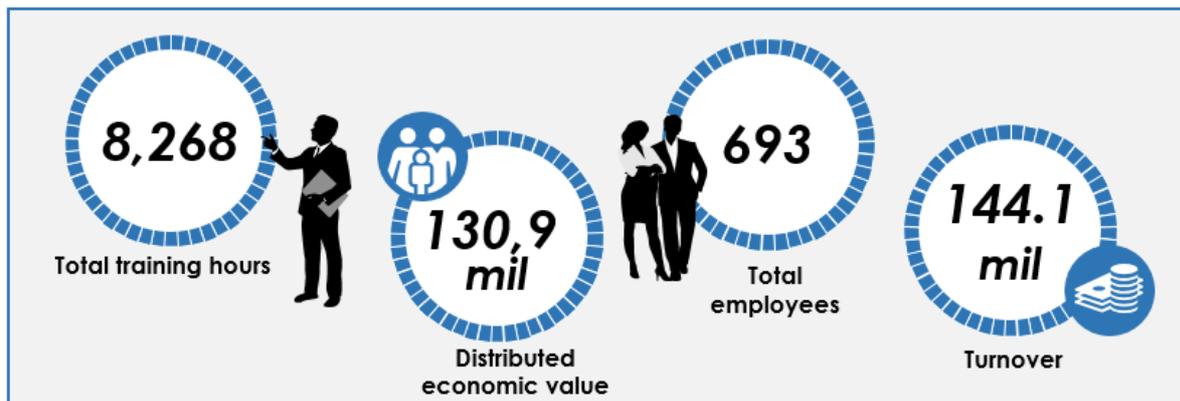
management activities for IKUMA KG, and are based in Paris, Madrid, Munich, Stuttgart and Edison (New Jersey, USA).



*The non-operating company IKUMA Verwaltungs GmbH, not shown in the figure, has the same registered office as IKUMA KG

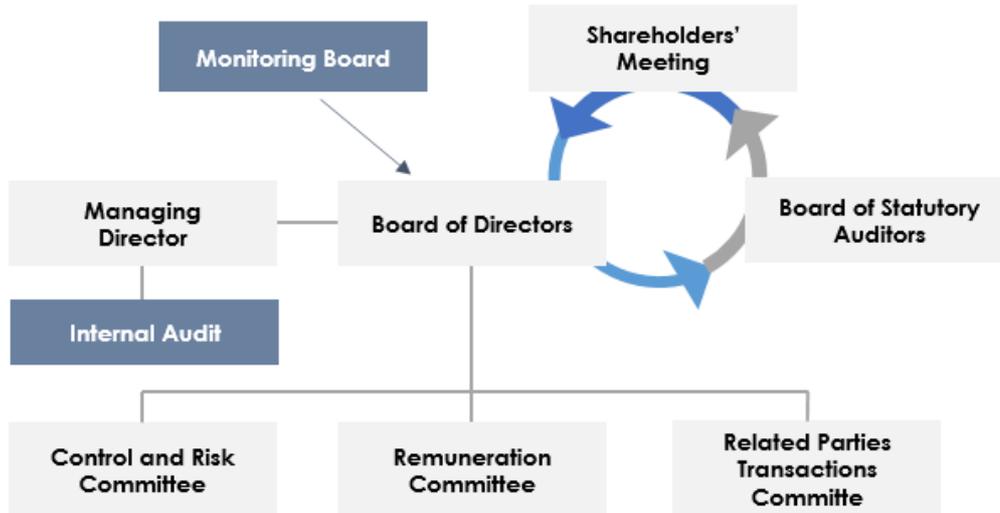
The direct presence in important countries of western Europe and the United States enables the Group to effectively reach the individual markets, increasing contact with the customer and assuring immediate, qualified, technical-commercial assistance.

Group highlights



Cembre Group governance

Cembre S.p.A. is organised according to a “traditional” administration and control model, with the presence of a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors. The Cembre corporate governance structure is based on the central role of the Board of Directors, as the body in charge of Company administration, which has chosen, from amongst its members, a Managing Director assigned full powers of Board management with the exception of those that cannot be delegated by law and the examination and approval of significant operations and related party transactions. Within the Board, the Remuneration Committee, the Control and Risks Committee and the Related Party Transactions Committee, have been established.



Cembre S.p.A. has been listed on the Telematic Stock Market (MTA) since 15 December 1997, and since 24 September 2001 in the STAR segment. The share capital is Euro 8,840,000.00, subscribed and paid-in, divided up into 17,000,000 shares each with a face value of Euro 0.52. As at the date of this report, the floating capital is 24.99%.

Sustainability has always been viewed with great attention by Cembre; indeed, this is why the company has decided that it was best to keep the responsibility for these aspects with the Board of Directors.

Cembre S.p.A. acknowledges the need to hinge its work on the following principles:

- increase of efficiency and effectiveness in corporate process management;
- research and innovation to improve existing products and offer innovative products and solutions that stay one step ahead of market demands and our competitors;
- improvement of its Company Management System;
- heightened accountability, involvement and participation of, and listening to, its collaborators;
- respect for human rights;
- environmental protection;
- safeguarding the health and safety of all staff operating in the Company and all those using products through an analysis and systematic reduction of risks;
- risk management and compliance.

The Group governance model is described within the “*Report on Corporate Governance and Ownership Structures*”, prepared in accordance with the provisions of Art. 123-bis of the Consolidated Finance Act and published on the website www.cembre.com, to which reference is made for more details.

The sales network

In Italy, Cembre S.p.A. operates through a capillary distribution network, with its own or rental offices and warehouses in Turin, Milan, Brescia, Padua, Bologna and Florence; in the other regions, it operates through agents, organised for technical-commercial assistance and with warehouses for rapid deliveries. Cembre is also present in the main countries across the globe, thanks to a network of representatives or correspondents, who can guarantee immediate, qualified technical-commercial assistance and rapid deliveries of products from their warehouses. As already described above, the growth in Cembre's business volumes and the consequent need to supply suitable support to foreign customers, over the years has led to the establishment of companies in the main European countries and in the United States of America.



The Cembre sales force worldwide numbers more than 100 functionaries dedicated to daily visits to customers.



Economic value generated and distributed and economic impact

In 2018, the economic value generated by the Group was 145.5 million euros. The analysis given below shows the flow of resources sent to the various stakeholders, such as employees, suppliers of goods, services and capital and the Public Administration and general public, by means of external donations.

The table below also shows the growth trend of the last 3 years, which represent the peak of a development process that has continued incessantly since the year of foundation (1969).

Economic figures	2018	2017	2016
(thousands of euros)			
Revenues from sales and services	€ 144,096	€ 132,637	€ 122,605
Other income and revenues, net of the use of provisions	€ 611	€ 1,150	€ 617
Losses on receivables	(€ 26)	(€ 17)	(€ 20)
Capitalized internal construction costs	€ 958	€ 939	€ 1,138
Write-down of current assets	(€ 89)	(€ 7)	(€ 43)
Financial Income	€ 8	€ 86	€ 24
Foreign exchange gains (losses)	(€ 82)	(€ 512)	€ 33
ECONOMIC VALUE GENERATED (A)	€ 145,476	€ 134,276	€ 124,354
Distributed to employees	€ 39,989	€ 37,251	€ 35,484
Distributed to suppliers	€ 70,120	€ 63,969	€ 58,808
Distributed to lenders	€ 57	€ 35	€ 93
Distributed to shareholders	€ 15,048	€ 13,372	€ 11,838
Distributed to the public administration	€ 5,630	€ 3,848	€ 7,132
External donations	€ 31	€ 35	€ 30
ECONOMIC VALUE DISTRIBUTED (B)	€ 130,875	€ 118,510	€ 113,385
ECONOMIC VALUE WITHHELD BY THE GROUP	€ 14,601	€ 15,766	€ 10,969
Amortisation, depreciation, provisions and other impairment	€ 6,914	€ 6,411	€ 5,880
Self-financing	€ 7,687	€ 9,355	€ 5,089
ECONOMIC VALUE WITHHELD BY THE GROUP	€ 14,601	€ 15,766	€ 10,969

Materiality analysis and stakeholder engagement

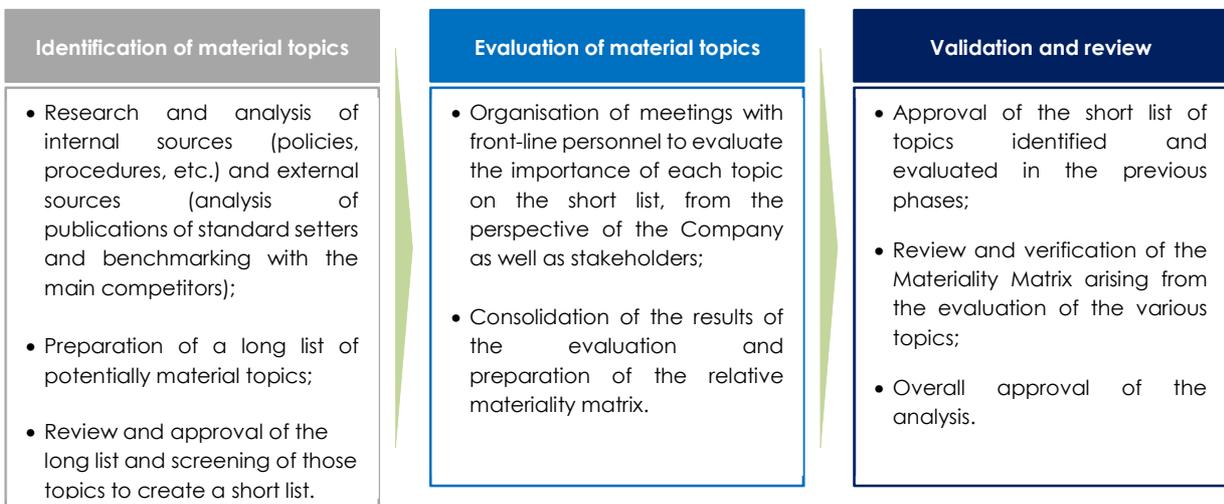
The Cembre Group non-financial report is focused on the importance of the various aspects relative to its business.

To this end, the main Company “stakeholders” have been identified, i.e. the shareholders, customers, staff, suppliers, local communities and institutions.

A materiality analysis has therefore been developed, carried out according to the GRI (Global Reporting Initiative) sustainability reporting guidelines, aimed at identifying the matters that could considerably affect the Group’s capacity to create value in the short-, medium- and long-term, and which are most relevant to the Group and its stakeholders.

The matters identified as material are worthy of dedicated reporting as they can influence stakeholders’ decisions and reflect the Group’s social, environmental and economic impact.

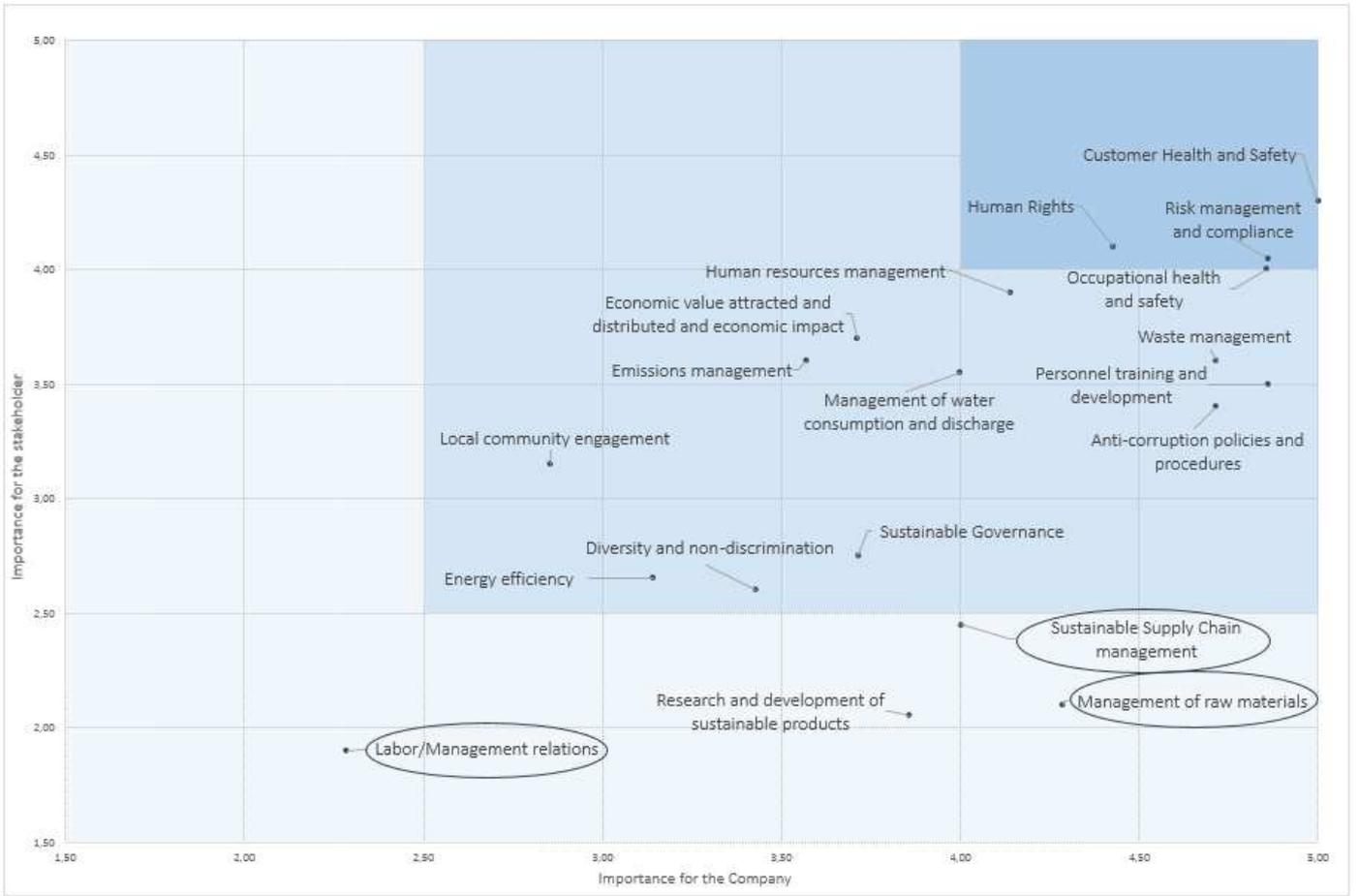
The materiality analysis process was structured as follows:



The results of the materiality analysis are summarised and represented graphically in the “materiality matrix” (see graph below); more specifically, this matrix is a graphical representation of the importance attributed to each matter from Management’s viewpoint (x axis) and that of the stakeholders (y axis).

The matters of “Industrial relations”, “Sustainable supply chain management” and “Raw materials management”, despite the fact that they were considered as of reduced relevance for Cembre, will also be reported on, insofar as this is specifically required by Italian Legislative Decree no. 254/2016.

Therefore, the higher up on the right the matter within the graph, the more important it is for both parties. The material matters emerging during the analysis are the starting point from which the Company has focused its non-financial information report.



Management of environmental matters

Risks and opportunities

In line with international models and best practices (CoSO Integrated Framework), the Cembre internal control system is based on company procedures that are relevant to the prevention and monitoring of operational risks, such as, for example, the Environmental Management System UNI EN ISO 14001. Environmental risks are analysed in view of the environmental impact assessment, which is reviewed at least once a year or at different frequencies if new production processes are installed. The Company's main environmental risks are connected with the purification of water of the galvanic chemical plant, the management of some hazardous waste and the consumption of oils and chemical products. Cembre S.p.A. uses tin in its production process, which comes under the scope of materials potentially coming from zones of conflict. Therefore, in order to protect itself against this eventuality, it adopts a specific procedure that regulates the management of this material and allows it to be purchased only where it is certified as not coming from a conflict zone. In short, the main risks to which Cembre is subject, are:

- risk of environmental pollution for inadequacy or malfunction of the water purification and disposal plants. Incorrect handling, use and storage of hazardous substances, oils and chemical products;
- risk of non-conformity of plants due to obsolescence, wear and tear or legislative changes.

Cembre has protected itself against the risk of environmental pollution by means of a constant control of its plants and through their regular maintenance. The use, preservation and disposal of hazardous and chemical substances is assured by applying rigorous procedures that are updated from time to time. These substances are kept in dedicated areas, segregated with respect to the other materials needed for the production process. The staff involved in the management are specifically trained and instructed.

Plant conformity is guaranteed through the continuous update of the management system, frequent, scheduled emissions monitoring, including with the support of specialised consultancy firms. Moreover, the continuous renewal of the production lines prevents the risk of obsolescence and wear and tear of machinery.

The policies applied by the Cembre Group

As has been seen from the Cembre materiality matrix, environmental matters are extremely important for Cembre and are therefore included in the company's business practices. As for all other matters, the Corporate Policy is established by the Cembre Group Management team and stems from a careful, objective analysis of multiple aspects, such as: the internal situation, the results achieved, future objectives, the context in which the Company operates and the demands made by customers and stakeholders. The Corporate Policy is formalised by the Cembre Group Management team and subscribed by the Cembre S.p.A. Management team, within a document that is given out and presented to all Company staff; it is then disclosed to external stakeholders through publication on the website. Following a careful assessment of the risks to the environment, associated with the activities carried out, indicators are chosen through which the level achieved can be quantified and verified, and any areas for improvement, identified.

In order to integrate this policy and attention paid to the environment in pursuing the Company's business, Cembre S.p.A. has implemented a Company Management System compliant with standard ISO 14001 for environmental management, for which certification was obtained in 2008; this is updated on a regular basis to ensure that the Management System remains effective and improves continuously. The project was extended to subsidiary Cembre Ltd. (UK), representing the second production site of the Cembre Group; thus the certification of the Environmental Management System according to the ISO 14001:2015 standard now extends to both Cembre S.p.A. and Cembre Ltd. Legislative compliance is also assured through the verification and update of applicable laws and regulations by means of a legislative verification programme, at least once a year, which is documented and disclosed to the company Management team. Verification of legislative compliance is audited both internally and externally, by third party certifying entities.

The Company has envisaged different ways by which to monitor and manage environmental data:

- once a month, consumption of energy, raw materials and water is monitored and compared with the hours of production and/or pieces produced, for each operative department, so as to obtain a

series of clear, unique performance indicators. This data is highlighted by means of suitable graphs distributed to the Management and each Department Manager, so that it is disclosed to each individual operator;

- for the Italian plant, polluting emissions from flues and waste management are controlled annually, as required by the law, by the Environmental Management Department; more specifically, air-conditioning plants and the consumption of cryogenic gases are verified.
- waste water is controlled every day by the Department Manager and at least once a month by a qualified external company.

Customers' interest in environmental management in their supply chain is increasingly great. Cembre, in fact, receives various requests to fill in questionnaires connected with the management of environmental aspects and worker health and safety. Over the various years, the company has undergone numerous customer audits, including run by Batenburg, DEKRA, Rail for PRORAIL, DB, SNCF, etc., obtaining positive results. Finally, in compliance with Italian Legislative Decree no. 102/2014, Cembre has carried out an energy diagnosis; consequently, various energy efficiency improvements have been planned and implemented, including: the construction of a new warehouse with photovoltaic panels, the adoption of "smart" control systems through which to reduce the incidence of air loss on the compressor network, used in the plant, and the analysis of residual consumption when the plant is not operating, collaboration with *Sinergia Consulting* to find how to reduce the incidence of air loss by the compressors used in the plant and reduce energy consumption when the plant is closed.

With a view to minimising the environmental impact, including through indirect actions, Cembre has stipulated an agreement with the *Brescia Mobilità Group* to guarantee its employees the possibility of using public transport when travelling to and from work and home, at special rates.

Non-financial performance

- **CONSUMPTION**

Materials used	UoM	2018	2017	2016
Ferrous material	kg	787,479	522,205	442,391
Non-ferrous material	kg	4,871,053	4,396,529	4,032,636
Plastic	kg	2,049,639	1,868,221	1,642,140
Total	kg	7,708,172	6,786,955	6,117,167

The data refer only to the manufacturing companies Cembre S.p.A. and Cembre Ltd.; consumption has increased due to increased production during the period.

Consumption of hazardous, oily and lubrication substances	UoM	2018	2017	2016
Chemical substances	kg	90,255	61,504	61,073
Oil + lubricants	kg	48,941	45,515	41,766
Total	kg	139,196	107,019	102,838

The figure relating to oil consumption for Cembre Ltd. Is available only for the year 2018.

Packaging*	UoM	2018	2017	2016
Paper	t	60.57	49.95	43.06
Wood	t	203.97	150.65	131.80
Plastic	t	22.18	16.00	14.25
Total	t	286.72	216.60	189.11

*the 2017 and 2016 figure relative to the Spanish subsidiary Cembre SLU was not available.

Total energy consumption¹

	UoM	2018	2017	2016
Electricity	MWh	9,557.75	9,025.03	8,274.44
Diesel	MWh	3,356.67	3,652.18	3,350.98
Petrol	MWh	877.41	824.00	760.23
Natural Gas	MWh	4,288.66	4,420.19	4,032.57
Naphtha	MWh	111.62		
Total	MWh	18,192.11	17,921.40	16,418.22

The conversion factors used are as follows:

Diesel	11.91 MWh/t
Petrol	11.89 MWh/t
Natural Gas	0.0097278 MWh/m ³

The natural gas conversion factor is calculated starting from:

- the calorific power of natural gas, as obtained from the table of standard national parameters of coefficients used for the inventory of CO₂ emissions in the national inventory UNFCCC (average values 2013-2015), equal to 0.0350197 GJ/stdm³
- and the conversion factor from GJ to MWh, which in technical literature is 0.27778

Energy intensity

	UoM	2018	2017	2016
Energy consumption	MWh	18,192.11	17,921.40	16,418.22
Consolidated turnover	€/000	144,096	132,637	122,605
Energy intensity		12.625	13.512	13.391

Energy intensity is calculated as the ratio of total energy consumption, corresponding to the sum of direct consumption and indirect consumption, multiplied by one hundred and consolidated turnover in thousands of euros $\left(\frac{\text{Energy consumption} \times 100}{\text{Turnover in } \text{€}/000}\right)$.

In the periods analysed, there was no consumption of energy deriving from renewable energy sources.

Water collected by source*

	UoM	2018	2017	2016
From aqueducts	l	16,234,606	16,175,352	15,170,870
From wells	l	16,864,000	14,391,000	12,628,000
Total	l	33,098,606	30,566,352	27,798,870

*The information for the American subsidiary, Cembre Inc., is not available. Water collected from wells for irrigation use by Cembre S.p.A., which in 2018 totalled roughly 3,000 m³, is not included.

All the water taken is discharged, after treatment², into the drains upon completion of the work cycle; the water withheld for the production process is also released into the drains after purification.

¹ 2017 and 2016 data about Energy Consumption, were updated including information not available at the time of the drafting of 2017 Consolidated non-financial report.

² Industrial water (water from the well) is treated in situ according to defined procedures and, only after successful completion of the controls, discharged into the drains.

- **EMISSIONS**

Direct (Scope 1) and indirect (Scope 2) emissions³

Direct emissions (Scope 1)	UoM	2018	2017	2016
From diesel	t CO ₂ e	893.39	972.04	891.88
From petrol	t CO ₂ e	231.64	217.54	200.70
From natural gas	t CO ₂ e	865.86	892.42	814.16
From naphtha	t CO ₂ e	29.46	n.a.	n.a.
From refrigerant gases	t CO ₂ e	134.22	n.a.	n.a.
Total	t CO₂e	2,154.57	2,082.00	1,906.74

Indirect emissions (Scope 2)	UoM	2018	2017	2016
Electricity - Location based	t CO ₂ e	3,394.46	3,216.24	2,941.81
Electricity – Market based	t CO ₂ e	4,482.45	4,238.52	3,886.77

The coefficients used to calculate direct emissions are obtained from the 2016 ISPRA Report:

Direct emissions	UoM	Coefficients
Diesel	t CO ₂ e/t	3.17
Petrol	t CO ₂ e/t	3.14
Natural Gas	t CO ₂ e/dm ³	1.964

The coefficient used to calculate naphtha direct emissions is included in coefficients' national standard parameters table used for CO₂ inventory in national UNFCCC inventory (2013-2015 average value), and is equal to 0.2639 t CO₂e/MWh.

For refrigerant gases were used the following GWP (Global Warming Potential) obtained from DEFRA (UK Department for Environment, Food & Rural Affairs):

Gas	UoM	GWP
Fgas - R410A	Kg CO ₂ e/kg	2,088
Fgas - R404A	Kg CO ₂ e/kg	3,922

The amount of emissions was obtained applying the following:

$$tCO_2 e = (kg \text{ refrig. gas} \times GWP) / 1000$$

On the other hand, with respect to indirect emissions:

- for the location based emission factors relating to electricity procurement the source is Terna;
- for the market based emission factors relating to electricity procurement the source are AIB, Association of Issuing Bodies for European countries, and Center for Resource Solutions for USA.

Country	UoM	Location Based	Market Based
Italy	t CO ₂ e/MWh	0.36	0.4765
United Kingdom	t CO ₂ e/MWh	0.31	0.3665
France	t CO ₂ e/MWh	0.053	0.0573
Spain	t CO ₂ e/MWh	0.254	0.4464
USA	t CO ₂ e/MWh	0.421	0.5011
Germany	t CO ₂ e/MWh	0.493	0.7315

³ 2017 and 2016 data about Direct and Indirect emissions (Scope 1 and Scope2), were updated including information not available at the time of the drafting of 2017 Consolidated non-financial report.

NOx and other significant emissions⁴

	UoM	2018	2017	2016
NOx	t	0.391	0.841	0.608
VOC	t	0.886	0.664	0.029
PM	t	0.139	0.140	0.087

The data refer only to Cembre S.p.A. For the English subsidiary, Cembre Ltd., data has not been recorded, whilst the other subsidiaries, which only carry out commercial activities, do not generate any significant emissions.

The increase in VOC in FY 2017 is due to the installation of a new aspiration plant in the injection moulding department.

• WASTE GENERATION AND MANAGEMENT⁵

Waste generated*	UoM	2018	2017	2016
Hazardous	kg	344,550	270,717	308,645
Non-hazardous	kg	1,344,269	992,875	669,459
Total	kg	1,688,819	1,263,592	978,104

The total quantity of waste increased due to the fact that, since 2017, what was previously conferred as secondary raw material is now conferred as waste. In addition, compared to 2017, disposals of the following have increased exponentially:

- of copper waste, which went from 260,280 kg in 2017 with 13 disposals to 471,215 kg in 2018 with 33 disposals;
- of oily emulsions, which went from 94,000 kg in 2017 to 185,000 kg in 2018 as some extra maintenance was carried out: cleaning of the CNC plant tanks, cleaning of waste tanks, cleaning of Buratti department manhole, emptying of CNC machine circuit, etc.
- of iron - steel, which went from 24,000 kg in 2017 with 6 disposals to 152,000 kg in 2018 with 23 disposals, of which 9 necessary to dispose of assets, equal to 71,000 kg.

Waste sent for recovery*	UoM	2018	2017	2016
Hazardous	kg	190,724	98,056	157,915
Non-hazardous	kg	1,219,098	872,807	536,661
Total	kg	1,409,822	970,863	694,576

The difference in the quantities between 2017 and 2016 and 2018 depends, above all, on the waste code CER 120109 (emulsions and solutions for machinery not containing halogens), which, according to the operative possibilities of the company to which it is conferred, can be disposed of or recovered.

Sent for disposal*	UoM	2018	2017	2016
Hazardous	kg	153,826	172,819	150,730
Non-hazardous	kg	125,171	119,598	134,378
Total	kg	278,997	292,417	285,108

⁴ Data has been calculated, considering:

- the concentration (expressed in mg/Nm³) of the element measured in the individual flues
- the nominal capacity of each flue, expressed in Nm³/h
- the theoretical operating hours
- the working days in the year in question, for 2017 = 230 days

This allowed for the calculation of the annual tonnes of emissions of each element examined.

There are no SOx emissions. Calculation includes only emission spots defined in Environmental Authorization (Autorizzazione Unica Ambientale - AUA), as they were defined the most relevant by the local authority.

⁵ 2017 and 2016 data about Waste generation and management, were updated including information not available at the time of the drafting of 2017 Consolidated non-financial report. The data relating to the American subsidiary Cembre Inc. are not available.

Management of social and staff-related matters

Risks and opportunities

Cembre is today the leading Italian manufacturer and one of the largest European manufacturers of electrical compression connectors and related installation tooling. Extensive know-how in the field of electrical connectors, strong R&D activity and continuous innovation in manufacturing technologies and product specification, allow Cembre to respond quickly to an increasingly demanding market expectation for high-quality products that are reliable, durable and safe. In order to maintain these production standards, highly qualified staff are required, specialised in the various activities of: sales, research and development, IT and administration. This is why it is essential for the Company to retain staff with key competences for the business, such as, for example, the resources who, in view of their experience, have strategic knowledge of customers or technical aspects of the product. The loss of these resources could have a significant effect on the whole of the business. In the same way, the Company is looking for new staff to be included in specific positions, with the potential to grow in the Company and increase its business, above all in a context of continuing changes, like “Research and Development”. Moreover, the difficulties in obtaining staff on the labour market, whose competences and profile are in line with the organisational needs for the achievement of business objectives, represent a continuous challenge for the Company. In order to manage staff, Cembre must constantly monitor the following risk areas:

- application of staff management policies that are inadequate in terms of training, comparison and professional growth;
- inadequate management of equal opportunities for men and women, discrimination in training, professional development and career and salaries;
- failure to comply with regulations governing employment and the protection of human rights, in particular in foreign countries where the company operates with its branches;
- failure to apply the terms of the National Collective Bargaining Agreements, with consequent summoning to court, loss of reputation and payment of compensation.

To prevent these types of risks, the Cembre Group ensures that its personnel working in human resource management are constantly updated to guarantee compliance with applicable regulations and also engages top advisory firms to support internal staff in managing the most complex matters.

The policies applied by the Cembre Group

The value of people

Cembre S.p.A. believes in the growth and optimisation of people, the protection of health and safety and the creation of a workplace that fosters human and professional growth. The Company offers all employees and collaborators equal career opportunities on the basis of merits, professional and managerial skills and active involvement in company development and improvement processes. This approach has allowed it to attract young talent and, at the same time, gain the loyalty of employees and collaborators already working in the Company, as is borne out by the data on the average seniority of service, which is 17 years and, in many cases, even reaches 20/30 years.

The Cembre Group workforce as at 31 December 2018 numbered 693, making for a total increase of 33 people with respect to the previous figure, partly due to the acquisition of IKUMA KG, which has 15 employees.

More specifically, the employment dynamics recorded in 2018 regard:

hiring of 85 people;

cessation of 68 people, of whom 49 as a result of termination of their contract of employment, 11 due to the expiry of temporary employment contracts and 8 through retirement;

Approximately 93% of those working for the Cembre Group have a permanent contract of employment.

All of the Group’s companies operate in countries in which matters linked to personnel management, occupational health and safety and the protection of workers’ rights are highly regulated. Furthermore, the principles set forth in the Code of Conduct and defined in the Group Policy are also applied in all companies.

In order to sensitise all employees and collaborators towards the Corporate Policy on social matters, the Group Code of Conduct is given out to all new employees, clarifying the conduct and relations that are considered in line with the Company's vision. Human rights procedures and policies are reported to all employees and collaborators of Cembre S.p.A. through the delivery of the Organisation, Management and Control Model in accordance with Italian Legislative Decree no. 231/2001. Moreover, the Cembre Group Code of Conduct also contains a specific section on human rights, called: "Social responsibility, human rights and discrimination". The Cembre Group actively encourages respect for internationally-recognised human rights, working concretely to overcome all forms of discrimination. The Cembre Group also refuses all types of child or forced labour and specifically bans any entertaining of business relations with organisations exercising this form of oppression or with organisations whose products come from regions in which there is notoriously a lack of suitable protection of human rights. The Group does not tolerate any form of discrimination or unfair treatment based on gender, race, disability, ethnic or cultural origin, religion or beliefs, age or sexual orientation. The diversity policy adopted within the governance bodies is regulated by Article no. 15, paragraph 5 of the Cembre S.p.A. By-Laws. Contracts in general, purchase orders, letters hiring employees and agents, include all clauses to inform the counterparty of the adoption of the 231 Model and the Code of Conduct by Cembre S.p.A.; failure by the counterparty to comply with these clauses constitutes serious breach of contractual obligations.

In Cembre S.p.A. and in foreign subsidiaries, no discrimination-based incidents have occurred.

Relations with social parties are regulated by respective applicable rules.

The contract of employment applied to all Cembre Spa employees is the: "Italian National Collective Bargaining Agreement for the Metal-Mechanical Industry and Plant Installation". In compliance with the provisions of the national bargaining agreement, the company envisages a minimum notice period for its employees, if moved from one place to another, of twenty days. In 2018, 2017 and 2016, no such cases arose.

The contracts of employment of the subsidiaries Cembre SARL (France), Cembre España SLU (Spain) and Cembre Inc. (USA) are stipulated in compliance with category collective bargaining agreements and regulations in force in the various countries.

The subsidiaries Cembre Ltd. (United Kingdom), Cembre GmbH (Germany) and IKUMA KG (Germany) stipulate individual contracts of employment with their employees.

Training

In order to satisfy the business needs and production standards, Cembre S.p.A. makes sure to attribute the responsibilities, relative to the activities that affect product/service quality, the environment and HSW, considering the competences, the degree of education, work experience and training supplied. All Cembre S.p.A. staff must be aware of the strategic role and importance of their work, so as to achieve the objectives set. This awareness particularly regards the company policy, objectives, indicators and targets of the Cembre Group, respect for laws and provisions, the possibility of reporting ways by which to improve products, processes, health and safety in the workplace and the external environment, which may affect the processes, works and management of Cembre S.p.A. Staff is sensitised through the continuous monitoring of processes, staff meetings, training, etc. The Company ensures that it trains employees according to their different duties and seniority levels: staff are trained when hired, if their duties should change and when procedures, works, machinery, technology and products or hazardous substances are updated or altered. Finally, the Company ensures that it can offer a carefully-focussed training plan if shortcomings should be noted in staff experience or training.

The activities for which specific qualification is required, regard:

- Test Laboratory staff, who must have in-depth knowledge and experience with the main characteristics and chemical-physical properties of the materials processed by Cembre Brescia. Staff must be able to carry out the examinations and tests assigned, assess the relevant results and judge compliance with applicable standards, specifications or procedures; they must also be familiar with all tools needed to carry out the various tests and examinations in use at Cembre Brescia;
- staff in charge of internal audits, who must have suitable knowledge of the various activities, processes and procedures to be assessed, as well as the need to be training on matters of the

Company Management System, the techniques and methods for the preparation, carrying out, execution and recording of audits;

- all those carrying out activities for which the law defines the need for specific information, training and teaching.

In general, Cembre is committed to delivering all training, information and teaching required by the laws, rules and regulations in force. The process plan and competence sheets prepared for the main company departments set out the minimum requirements in terms of experience, training, preparation and teaching of staff, training, teaching and information methods and the related responsibilities defined for the various tasks. The HR Office is in charge of recording training delivered and, where envisaged, verifying its effectiveness by assessing performance, experience and know-how, which on the one hand allow for the determination of the individual contribution to the organisation and the definition of progress made and, on the other, for the outlining of areas for improvement on which to intervene.

With respect to 2017, the total volume of training (number of interventions, hours delivered, participations) has increased significantly in line with the strategic objectives of continuous improvement. In actual fact, in 2018 more than **8** thousand hours of training were delivered, up **2,591** hours on 2017.

Performance assessment systems

Cembre S.p.A. assesses the commitment and performance of employees using compensation policies that differ according to performance and professional and managerial skills, considering:

- the responsibilities attributed;
- the results achieved;
- the quality of the professional contribution and personal development potential.

The compensation systems are regularly updated by monitoring changes in the reference salary markets and applying criteria based on meritocracy and internal fairness.

Company welfare

In order to protect and foster the well-being of its employees, Cembre S.p.A. makes services and initiatives available that aim to conciliate everyday needs with working activities, considering the family and childcare, maintaining good psychological and physical health, the acceptance of everyday commitments that can take up time and cost money and the organisation of free-time activities and artistic-cultural initiatives.

The initiatives promoted by Cembre S.p.A. include:

- the marriage premium for all employees choosing to get married;
- a sustainable mobility project in collaboration with “Brescia mobilità”;
- the collaboration with a Tax Assistance Centre to offer employees the chance of making their declaration of income at the Company’s office, also paying a portion of the cost of the service (€10 paid by the employee and €28 by the company). The presence of a patronage functionary is guaranteed twice a month, to provide employees with free assistance with social security and welfare matters.

The initiatives taken by Cembre S.p.A. in respect of families, include:

- concession of leave for family reasons, in order to take care or assist relatives;
- a “book package” for more information on school subjects for children of employees who successfully attend middle school;
- study grants to deserving children of employees attending secondary schools and university;
- distribution of toys to children of employees aged under 10 during the Christmas period.

Relations with the local community

Cembre S.p.A. collaborates with professional institutes throughout the province and with the universities, offering students curricular traineeships, both in office jobs and on the production line. In 2018 alone, 15 students were hosted for school traineeships. In 2018 the Company donated materials for

an amount of €5,537 to technical and professional institutes, to be used in the laboratories and school classrooms.

For a few years now, Cembre S.p.A. has played a role in initiatives organised by academic institutes to bring students closer to the world of work. In 2018, the company participated in the Open Days promoted by the University of Brescia, the Castelli Technical Institute in Brescia and the Cerebotani di Lonato D.G. (BS) Institute of Higher Education.

Non-financial performance

The data given in the table below does not include temporary workers, who, as at 31/12/2016, numbered 26, whilst as at 31/12/2017, there were 48 and as at 31/12/2018, there were 34.

Staff by company		UoM	2018	2017	2016
	Cembre Spa	no.	447	440	428
	Cembre GmbH	no.	19	22	21
	Cembre Ltd.	no.	111	100	96
	Cembre S.a.r.l.	no.	26	27	27
	Cembre España	no.	42	41	44
	Cembre Inc.	no.	33	30	25
	IKUMA GmbH & Co. KG	no.	15	-	-

Staff by classification	UoM	2018			2017			2016		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Managers	no.	0	16	16	0	14	14	0	14	14
Supervisors	no.	3	17	20	0	10	10	0	10	10
White collars	no.	94	230	324	91	230	321	84	222	306
Blue collars	no.	76	257	333	74	241	315	73	238	311
Total	no.	173	520	693	165	495	660	157	484	641

The Cembre Group sees diversity as a corporate asset and does not tolerate any form of discrimination based on differences in gender, age, health, nationality, political opinion or religious belief. The Company respects everyone's dignity, guaranteeing equal opportunities in all phases and for all aspects of employment. 24.9% of the workforce of the Cembre Group are women.

Members of the Board of Directors		UoM	2018			2017			2016		
			Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	0	0	0	0	0	0	0	0	0	
30-50 years	no.	2	1	3	1	1	2	1	1	2	
>50 years	no.	1	4	5	1	5	6	1	5	6	
Total	no.	3	5	8	2	6	8	2	6	8	

Staff by age bracket	UoM	2018			2017			2016		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	14	104	118	10	88	98	6	95	101
30-50 years	no.	105	272	377	107	277	384	105	274	379
>50 years	no.	54	144	198	48	130	178	46	115	161

Staff by age bracket and classification	UoM	2018			2017			2016		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Managers										
<30 years	no.	0	0	0	0	0	0	0	0	0
30-50 years	no.	0	5	5	0	6	6	0	6	6
>50 years	no.	0	11	11	0	8	8	0	8	8
Total	no.	0	16	16	0	14	14	0	14	14
Supervisors										
<30 years	no.	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30-50 years	no.	1	7	8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
>50 years	no.	2	10	12	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	no.	3	17	20	0	10	10	0	10	10
White collars										
<30 years	no.	13	45	58	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30-50 years	no.	58	122	180	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
>50 years	no.	23	63	86	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	no.	94	230	324	91	230	321	84	222	306
Blue collars										
<30 years	no.	1	59	60	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30-50 years	no.	46	138	184	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
>50 years	no.	29	60	89	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total	no.	76	257	333	74	241	315	73	238	311

Detail per age not available for year 2017 and 2016.

Incoming staff	UoM	2018			2017			2016		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	8	36	44	6	27	33	4	33	37
30-50 years	no.	6	20	26	9	36	45	3	29	32
>50 years	no.	5	10	15	3	2	5	3	5	8
Total	no.	19	66	85	18	65	83	10	67	77
Rate of new employees	%	11,0%	12,7%	12,3%	10,9%	13,1%	12,6%	6,4%	13,8%	12,0%

Incoming staff by geographical area	UoM	2018			2017			2016		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Italy	no.	6	30	36	5	30	35	2	23	25
Rest of Europe	no.	11	30	41	10	23	33	4	34	38
Rest of World	no.	2	6	8	3	12	15	4	10	14
Total	no.	19	66	85	18	65	83	10	67	77

Outgoing staff ⁶	UoM	2018			2017			2016		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	2	13	15	1	14	15	3	10	13
30-50 years	no.	9	22	31	2	27	29	4	19	23
>50 years	no.	4	18	22	7	10	17	4	9	13
Total	no.	15	53	68	10	51	61	11	38	49
Turnover rate	%	8,7%	10,2%	9,8%	6,1%	10,3%	9,2%	7,0%	7,9%	7,6%

Outgoing staff by geographical area	UoM	2018			2017			2016		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Italy	no.	5	22	27	6	17	23	5	14	19
Rest of Europe	no.	9	27	36	4	25	29	1	18	19
Rest of World	no.	1	4	5	0	9	9	5	6	11
Total	no.	15	53	68	10	51	61	11	38	49

Reasons for staff leaving	UoM	2018			2017			2016		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Voluntary leaving (apart from retirement)	no.	11	33	44	6	34	40	4	21	25
Retirement	no.	1	7	8	3	7	10	3	5	8
Dismissal	no.	2	3	5	0	3	3	2	5	7
Other (e.g. end of fixed-term contract)	no.	1	10	11	1	7	8	2	7	9
Total	no.	15	53	68	10	51	61	11	38	49

Staff by contract type	UoM	2018			2017			2016		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Full time	no.	144	515	659	147	492	639	144	481	625
Part time	no.	29	5	34	18	3	21	13	3	16
Total	no.	173	520	693	165	495	660	157	484	641

Staff by contract term	UoM	2018			2017	2016
		Female	Male	Total	Total	Total
Permanent	no.	165	479	644	607	602
Fixed term	no.	8	41	49	53	39
Total	no.	173	520	693	660	641

Detail per gender is not available for year 2017 and 2016.

⁶ Starting from year 2018 the company introduced a new calculation method that does not include personnel leaving the company at December 31.

Staff by qualification	educational	UoM	2018			2017			2016		
			Female	Male	Total	Female	Male	Total	Female	Male	Total
	Degree	no.	24	71	95	24	67	91	20	61	81
	Diploma	no.	36	161	197	37	152	189	35	142	177
	Middle school	no.	78	174	252	73	172	245	75	176	251
	Other	no.	35	114	149	31	104	135	27	105	132
	Total	no.	173	520	693	165	495	660	157	484	641

Details of the data relating to Cembre Ltd are provided exclusively for the “Degree” category; the remainder of staff were all included in the “Other” category.

Total average training hours	UoM	2018			2017	2016
		Female	Male	Total	Total	Total
Managers	h	0.0	6.6	6.6	1.4	8.7
Supervisors	h	33.3	7.1	11.0	n.a.	n.a.
White collars	h	6.4	15.6	12.9	8.7	8.6
Blue collars	h	7.8	12.3	11.3	8.8	6.3
Total	h	7.5	13.4	11.9	8.6	7.5

For 2017 and 2016, details between men and women are unavailable and the total training hours of supervisors were included in the “White collars” category.

Training hours by topic	UoM	2018			2017	2016
		Female	Male	Total	Total	Total
<i>Managerial (inter-company general management, new courses to improve soft skills, etc.)</i>						
Managers	h	0.0	69.0	69.0	n.a.	n.a.
Supervisors	h	40.0	27.0	67.0	n.a.	n.a.
White collars	h	152.0	1,966.0	2,118.0	n.a.	n.a.
Blue collars	h	67.0	89.0	156.0	n.a.	n.a.
Total	h	259.0	2,151.0	2,410.0	18.0	229.0
<i>Plant maintenance and knowledge of technical systems</i>						
Managers	h	0.0	0.0	0.0	n.a.	n.a.
Supervisors	h	0.0	1.5	1.5	n.a.	n.a.
White collars	h	0.0	186.5	186.5	n.a.	n.a.
Blue collars	h	138.5	1,727.0	1,865.5	n.a.	n.a.
Total	h	138.5	1,915.0	2,053.5	574.3	1,222.1
<i>Technical-professional dedicated to knowledge of processes and systems</i>						
Managers	h	0.0	5.0	5.0	n.a.	n.a.
Supervisors	h	7.5	27.0	34.5	n.a.	n.a.
White collars	h	101.0	442.5	543.5	n.a.	n.a.
Blue collars	h	1.5	177.5	179.0	n.a.	n.a.
Total	h	110.0	652.0	762.0	1,763.2	1,724.0
<i>Compliance (code of conduct, model, internal control system on the corporate disclosure, etc.)</i>						
Managers	h	0.0	13.0	13.0	n.a.	n.a.
Supervisors	h	40.0	29.0	69.0	n.a.	n.a.

	White collars	h	195.5	364.0	559.5	n.a.	n.a.
	Blue collars	h	39.7	53.7	93.4	n.a.	n.a.
	Total	h	275.2	459.7	734.9	87.3	72.4
<i>Worker Health and Safety, Environment, Quality</i>							
	Managers	h	0.0	19.0	19.0	n.a.	n.a.
	Supervisors	h	12.5	36.0	48.5	n.a.	n.a.
	White collars	h	154.5	631.5	786.0	n.a.	n.a.
	Blue collars	h	342.3	1,107.5	1,449.8	n.a.	n.a.
	Total	h	509.3	1,794.0	2,303.3	3,234.0	1,547.0
<i>Other</i>							
	Managers	h	0.0	0.0	0.0	n.a.	n.a.
	Supervisors	h	0.0	0.0	0.0	n.a.	n.a.
	White collars	h	0.0	1.0	1.0	n.a.	n.a.
	Blue collars	h	0.0	3.0	3.0	n.a.	n.a.
	Total	h	0.0	4.0	4.0	0.0	0.0

The Cembre Group has never recorded any findings with regards to failure to respect human rights; all activities undertaken are carried out in compliance with the provisions of the Code of Conduct, which acknowledges respect for the person and their dignity as an essential, paramount principle.

Health and safety management

Risks and opportunities

Health and safety in the workplace has, in recent years, become increasingly important. The growing sensitivity of businesses, also stimulated by some rather dramatic events that have shaken up public opinion, has stimulated the implementation of a series of procedures and the installation of tools able to reduce the risk of injuries and incidents at work, as far as possible. In addition to the dutiful attention paid to limiting danger situations, the importance of well-being in the workplace has been recognised, both in terms of protecting the worker and enhancing the efficiency of the business activity.

Careful attention is paid to the health and safety of the customer using the goods produced by the company: product quality is not measured purely in terms of the capacity to fulfil its purpose, but also in the capacity to prevent any injury to the user and guarantee comfortable use.

The Cembre Group has embraced this philosophy fully, seeking to mitigate the effects of the risks typical in this area:

- risk deriving from unsuitable working conditions in terms of worker health and safety, with the consequent risk of injury and occupational diseases;
- risk deriving from summonses to court, loss of reputation, payment of compensation, sanctions due to an unsafe workplace;
- risk of unsuitable control for the supervision of worker health and safety procedures and instructions;
- risk deriving from summonses to court, loss of reputation, payment of compensation, sanctions due to unsafe products;
- risk of hostile relations with workers with consequent strikes and downtime in production.

To mitigate and prevent the effects of these risks, within its Integrated Management System the Cembre Group has established a system of procedures certified, for Cembre S.p.A., according to standard OHSAS 18001. Cembre periodically conducts testing to verify compliance with procedures.

The policies applied by the Cembre Group

The Cembre Group intends to limit the risks relating to worker health and safety as much as possible; to this end, the Employer carries out and documents an analysis of the risks intrinsic to the company processes, identifying any danger situations.

In accordance with the Risk Assessment Document, and with a view to preventing or at least mitigating the risks identified, the Employer takes the actions necessary to reduce said risks, such as using PPE and promoting specific training opportunities.

In line with international models and best practices (CoSO Integrated Framework), Cembre has implemented an Internal Control System that is hinged on company procedures that are relevant to the prevention and monitoring of risks. This procedural corpus constitutes the OHSAS 18001 Worker Safety Management System (LRQA certification obtained by Cembre S.p.A. in 2012).

In addition to the legal requirements, the Cembre Group also pays careful attention to the workplace so as to ensure that work can be carried out in a safe, comfortable environment. Such attention specifically regards: management and maintenance of infrastructures and vehicles, cleaning, tidiness and hygiene at the workstations, definition of safety and fire-fighting plans, training and information to employees on safety and the use of personal protection equipment, involvement of staff to ensure that they are aware of the importance of their work and their contribution towards maintaining and improving working conditions and the workplace.

Cembre calculates and constantly verifies indicators relating to reports, incidents and injuries. In general, reports are collected and analysed in order to identify and implement any corrective action; more specifically, reports of danger and incidents are monitored during the Management Review. As regards injuries, all reports are analysed with the aim of finding a solution by which to limit dangerous situations and, if possible, avoid any recurrence of the injury. In this case, once a year (during the Management Review and Annual Worker Health and Safety Meeting), injury data is processed as required by standard UNI 7249:2007 and brought to the attention of the Management and internal and external entities with an interest in regard to the Company.

In accordance with the principles established in the Group's Code of Conduct, Cembre Ltd. has developed a series of operating procedures to prevent the occurrence of accidents and injuries. The constant maintenance and replacement of the machines and structures used guarantee a safe and comfortable work environment. Safety and fire prevention plans are defined in the plant.

As regards its products, and therefore the health and safety of the end consumer, controls, checks and validations have been formalised and prescribed during the design stage, which can guarantee a response to customer needs (for example in terms of: fitness for purpose, practicality of use, ergonomics, safety, etc.) and compliance with the provisions of the law/applicable regulations (e.g. electromagnetic compatibility, noise, vibrations, etc.). The controls, which are established in all phases of the production processes, guarantee that the products developed are only released if compliant with project provisions. No cases of non-conformity with the laws and/or regulations have been reported in connection with products and services supplied by the Cembre Group.

Non-financial performance

Injuries at work, injury rates

	UoM	2018	2017	2016
Injuries at work	no.	34	2	13
of which serious injuries	no.	2	0	0
of which fatal injuries	no.	0	0	0
Hours worked	no.	1,218,294	1,156,295	1,114,967
Injury frequency index	%	27.90	1.73	11.66
Serious injury frequency index	%	1.64	0	0
Fatal injury frequency index	%	0	0	0

The injury frequency index is calculated as the ratio of the number of injuries and the hours worked, multiplied by one million ($\frac{\text{no. of injuries}}{\text{Hours worked}} \times 1.000.000$).

The great majority of accidents during the period in question regarded small injuries (abrasions, cuts, etc.) which were treated in the plants by staff trained in first aid or by the company physician, which did not entail significant losses in working hours. In the table above, there were 3 cases of injuries which took place and were treated within the Cembre S.p.A. plant. In the Cembre S.p.A. plant in Brescia, also a temporary worker was involved in an injury, which caused a loss of 15 working days.

Serious injuries are events that entailed a prognosis exceeding 40 days. The two cases in 2018 refer to:

- a dislocated clavicle due to an accidental fall;
- contusion of the fingers due to an accidental impact.

There were no cases of fatal accidents during the period.

The Cembre Group does not have risk conditions higher than those in most engineering companies, the main ones of which are:

- risk of crushing;
- risk of cuts;
- risk of injury from handling goods;
- risk of accidents from handling goods;
- risk from repetitive movements;
- risk from lifting.

Management of the fight against corruption

Risks and opportunities

The fight against corruption is a duty for all businesses; indeed, all players should aim to guarantee that the market operates according to economic rules and is not influenced by opportunistic actions that do nothing else but increase the social costs of the business. The main risks connected with the failure to prevent corruption are:

- risk deriving from summonses to court, loss of reputation, payment of compensation, sanctions due to corruption committed by company functionaries;
- risk of stipulating contracts at disadvantageous conditions, followed by corruption accepted to the benefit of company functionaries.

To limit the risk of acts of corruption occurring, the Cembre Group has established a multi-level authorisation system for payments and the management of financial resources, which places limits on the possibility of carrying out monetary transactions, beyond which approval by a superior is required. Every transaction is carried out against an approved expense document.

The policies applied by the Cembre Group

The Board of Directors defines the guidelines to the Internal Control and Risk Management System, intended as the set of processes aiming to monitor the efficiency of the company operations, the reliability of the financial information, compliance with laws and regulations and the safeguarding of company assets. In line with international models and best practices (CoSO Integrated Framework), the Cembre Internal Control System is hinged on the following key aspects:

- *Control environment*: this is the environment in which the individuals operate and it represents the culture relative to control permeated within the organisation. It consists of the following elements: company organisation chart, system of delegations and powers of attorney, organisational provisions, public disclosure procedure of Inside Information, procedure for significant operations and with Related Parties, procedure for the fulfilment of Internal Dealing obligations, Administrative-Accounting Control Model and the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001, including the Code of Conduct, which is an integral part thereof.
- *Control activities*: it is the set of control rules and procedures put in place to allow the monitoring and control of corporate risks to reduce them to an acceptable level and ensure the achievement of corporate objectives. It consists of the following elements:
 - administrative and accounting control procedures: set of corporate procedures for the preparation and disclosure of accounting information (e.g. Group accounting manual, related administrative and accounting procedures and in particular financial statements and reporting in general, managerial accounting forms);
- *Information and communication*: is the process created to ensure the accurate and timely collection and communication of corporate information. With regards to the financial disclosure, the Administrative-Accounting Control Model adopted by the Company in accordance with Italian Law no. 262/2005 regulates the rules and procedures for the correct preparation of the accounting disclosure.
- *Monitoring activities*: is the set of activities necessary to verify and evaluate periodically the adequacy, operational efficiency and efficacy of internal controls.

The Cembre S.p.A. Risk Management System is described in the Corporate Governance Report. The Company takes an integrated approach to the risk of regulatory non-compliance. For the measures envisaged if such should occur, reference is made to the Organisation, Management and Control Model in accordance with Italian Legislative Decree no. 231/2001, which aims to prevent specific crimes from being committed by Company managers and all workers under their management and/or supervision, employees and/or collaborators, in the interests or to the benefit of the Company. Cembre appoints the *Supervisory Body* to assess the adequacy and effectiveness of the Model, or rather its actual capacity to prevent the crimes and monitor the function and correct observance of the protocols adopted. At the

request of said body, the Company has promptly updated the Model 231/01 and adjusted the control structure supervising it, according to the regulatory evolutions of the time. At each Model update, a specific communication is made to all employees in this respect; the contractual clauses usually included in each contract with suppliers of goods and services envisage specific reference to the Code of Conduct, published on the company website. The Code of Conduct defines the ethical standards and values upheld and embraced by the Group and which, accordingly, must be upheld and embraced by all subjects with which the Cembre Group operates. In general, as regards the methods identified for training, there is a specific paragraph in the Model 231, which regulates training and information of employees in respect of the Model, using both classroom training and e-learning methods, with final learning test/questionnaire. Cembre has also defined its own Accounting-Administrative Control Model in compliance with Italian Law no. 262/05, within which indications are given as the rules adopted to manage risk and internal control in respect of the financial disclosure process, as an integral part of the company internal control system.

In line with the Group's Code of Conduct, all subsidiaries adopt anti-corruption risk policies, in particular by limiting the circulation of money and applying centrally defined procedures. The Group companies are periodically subject to internal auditing activities to verify compliance with and the functioning of the controls required by the procedures.

Non-financial performance

As also confirmed by the Supervisory Body, no acts of corruption have been recorded within the Company Cembre S.p.A., nor within any of its subsidiaries, nor have any reports been made in this respect.

Supply chain management

Risks and opportunities

The specificity of the products, intended for a market of highly-specialised users, and the need for the rigorous respect of high quality standards in the procurement of products and services, are characteristics that often lead to the need for a commercial relationship with a limited number, in some cases even just one, of suppliers. Cembre's aim is to minimise the risk deriving from sudden shortages of supply by means of a continuous search for alternative "sources" and constantly expanding upon its technical and production potential.

Cembre carefully makes sure that all players in the supply chain operate in complete compliance with workers' rights and environmental problems, thereby opting, where possible, for companies operating in social contexts and geographic areas in which there is a greater sensitivity towards these matters.

In this area, the greatest risks to which Cembre is exposed are:

- risk deriving from suppliers that do not respect and maintain suitable environmental sustainability standards and whose production process has significant effects on the environment;
- risk deriving from suppliers that do not comply with the ethical standards and standards of conduct required by the Company, such as failure to respect human rights or social standards required by the business;
- risk of involving the Company in unlawful deeds (corruption) by company staff, including in supplier complicity.

To prevent these risks, the Cembre Group limits its relationships with companies involved in violations or presumed violations of regulations in force on workers' rights, respect for the environment and anti-corruption.

Orders and supply contracts specifically require compulsory adhesion to and compliance with the Cembre Code of Conduct, which is published on Company's official website. Failure to comply with the provisions of the Code of Conduct results in the immediate termination of contracts and the revocation of any orders in place.

The policies applied by the Cembre Group

Group procurement takes place in compliance with procedures prepared to guarantee the uniformity and repetitiveness of the activity, as well as supplier compliance in terms of quality and respect for ethical standards and environmental protection.

More specifically, the Purchasing Office has the task of identifying potential new suppliers to be included in the procurement process, so as to guarantee Cembre competitiveness, continuity of supply and high product quality.

All potential suppliers of the Company, both services and products, are subjected to an initial "qualification" aimed at determining the capacity of the supplier to satisfy all their requirements.

More specifically, the aim is to highlight the supplier's capacity to guarantee processes with suitable environmental sustainability standards, respectful of the ethical standards and standards of conduct required by Cembre, such as respect for human rights, the fight against corruption or the social standards laid down by the business.

During this phase, attention is also paid to checking that the candidate company has transparent processes that are unlikely to suffer corruption and that it enjoys a suitable reputation with the media.

This assessment is then repeated frequently and each time the Integrated Management System Manager or the Purchasing Department Manager deems it necessary, so as to minimise the connected risks, and in accordance with that described in the respective process plans.

The supplier approval process involves sending a "preventive assessment check-list", of which a specific section is given over to the collection of information, which must be as objective and verifiable as possible, on the Safety and Environmental Management System adopted by the supplier.

Suppliers adopting safety or environmental management systems that comply with international standards, or which are certified, shall be preferred.

The information collected during this phase is used in obtaining the final result of supplier approval.

Once a supplier has been approved, specific audits may be planned, aiming to continuously verify compliance with qualification standards and principles.

The Integrated Management System Manager can request that audits be carried out if elements should emerge that contradict or prejudice that assessed during validation, as in the case where significant non-conformities are seen on the quality of the product/service supplied.

The conformity of the REACH Directive, i.e. the integrated management system of chemical substances, is validated and monitored by means of a computerised work flow of assessment and approval prior to the first procurement of the actual product.

A specific automated electronic archiving procedure of the Safety Data Sheets allows for constant monitoring of the obsolescence of said sheets and guarantees that they are available to product users for rapid consultation, where needed.

Archiving also involves the entry of data relative to the use of the product, such as: the using department, the methods of use, the quantity used and the date of archiving, which determines the period for which the Safety Data Sheets are valid, beyond which the supplier must be asked to update the documentation (validity is set to 3 years).

Most of the procurement takes place through companies operating in the EU and with a consolidated financial position; these facts help limit the risks relating to the exploitation of child labour, failure to respect gender differences and environmental problems.

Non-financial performance

Cembre Spa (Italy)	UoM	2018	2017	2016
Procurement expenses	€	77,443,880	67,460,000	48,816,000
<i>of which local suppliers</i>	€	55,594,100	47,015,000	32,860,000
Local percentage of total	%	71.79%	69.69%	67.31%

Cembre Ltd.	UoM	2018	2017	2016
Procurement expenses	€	15,317,995	13,705,213	13,152,256
<i>of which local suppliers</i>	€	3,815,518	3,677,939	3,557,497
Local percentage of total	%	24.91%	26.84%	27.05%

Cembre SARL	UoM	2018	2017	2016
Procurement expenses	€	7,927,489	7,084,492	6,824,897
<i>of which local suppliers</i>	€	1,337,321	1,095,264	888,451
Local percentage of total	%	16.87%	15.46%	13.02%

Cembre España S.L.U.	UoM	2018	2017	2016
Procurement expenses	€	7,103,999	6,508,252	5,394,695
<i>of which local suppliers</i>	€	529,132	500,340	429,126
Local percentage of total	%	7.45%	7.69%	7.95%

Cembre GmbH	UoM	2018	2017	2016
Procurement expenses	€	4,611,287	5,858,038	5,364,385
<i>of which local suppliers</i>	€	708,436	941,768	789,756
Local percentage of total	%	15.36%	16.08%	14.72%

Cembre Inc.	UoM	2018	2017	2016
Procurement expenses	€	8,390,603	9,372,219	10,035,372
<i>of which local suppliers</i>	€	519,866	2,267,669	2,514,920
Local percentage of total	%	6.20%	24.20%	25.06%

IKUMA KG	UoM	2018	2017	2016
Procurement expenses	€	6,327,110	N/A	N/A
<i>of which local suppliers</i>	€	1,874,509	N/A	N/A
Local percentage of total	%	29.63%	N/A	N/A

Local suppliers are companies whose business is located in the same country as the Cembre Group companies to which the table data is referred.

The data of IKUMA KG from 2017 and 2016 are not provided as the company was not previously part of the Cembre Group.

Methodological note

The Consolidated non-financial declaration of the Cembre Group has been prepared in accordance with Italian Legislative Decree no. 254/2016 as amended and according to the GRI Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI). In particular, according to the provisions of Standard GRI 101: Foundation 2016, paragraph 3, within this document the GRI Standards reported in the “Table of correlation between the Cembre material topics and GRI aspects (“GRI referenced claim”) 201, 204, 205, 302, 303, 305, 306, 307, 401, 403, 404, 405, 406, 416 e 419”. The GRI Standards envisage that the Declaration shall contain information on the aspects considered as material, as they may have significant impacts on the organisation from a social, economic and environmental viewpoint and may substantially influence stakeholder considerations and decisions.

The collection of data and information required to prepare this Document, was carried out by various different company departments, according to the following principles laid down by the GRI Standard:

- accuracy: the data and information included in the Declaration has been verified by the respective department managers, so as to validate its accuracy and authenticity;
- timeliness: the Consolidated non-financial declaration will be published once a year, at the same time as the Annual Financial Report;
- comparability and clarity: in preparing the Consolidated non-financial declaration, clear, concise language was used, along with tables and graphs, so as to ensure that it is understood by all stakeholders. The information included in the report refers to the period running between 01/01/2018 and 31/12/2018. Where available, the data relating to the previous years has been included, so as to allow for an assessment of the trend of Group operations over the medium-term. Any absence of such a comparison is due to the lesser relevance of the performance over the years or the impossibility of recovering information relative to previous years. Finally, as regards the quantitative information given in the Declaration for which estimates were used, this detail is duly noted in the various chapters;
- balance: the data and information given in the Declaration has been portrayed realistically and in a timely manner; indicators reflect the Group’s performance in the reporting period;
- reliability: the Consolidated non-financial declaration has been prepared by a specifically-formed working party, whose members have been identified from the various Group company departments and who have validated the contents with respect to their areas of competence. The final document, as a whole, was presented to and discussed and approved by the Board of Directors on 11 March 2019.

The Consolidated non-financial declaration has been subject to a limited audit by the independent auditing firm, EY S.p.A.

Unless otherwise specified in each chapter, the data and information of this Declaration refer to the Companies belonging to the Cembre Group as at 31 December 2018, fully consolidated within the Annual Financial Report. Italian regional offices and warehouses, are not included in the environmental analysis, because their contribution to these indicators is not material.

Brescia, 11 March 2019

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.P.A.**
The Chairman and Managing Director

Giovanni Rosani

APPENDICES

Table of correlation between the Cembre material topics and GRI aspects

Theme of Italian Legislative Decree no. 254/2016	Material theme	Topic specific GRI Standard	Scope of impacts	
			Impacts inside the Group	Impacts outside the Group
Environmental	Energy efficiency enhancement	GRI 302 - Energy	Entire Group (particularly Cembre Spa and Cembre Ltd)	Suppliers
	Management of consumption and water drains	GRI 303 - Water and effluents		
	Emissions management	GRI 305 - Emissions		
	Compliance and risk management	GRI 307 – Environmental compliance		
	Waste management	GRI 306 - Effluents and waste		
Social	Relations with communities and local entities	GRI 204 – Procurement practices	Entire Group	
	Economic value attracted and distributed and economic impact	GRI 201 - Economic performance		
	Compliance and risk management	GRI 419 – Socioeconomic compliance	Entire Group	
	Consumer health and safety	GRI 416 - Customer health and safety	Entire Group	Sales network
Relating to staff	Human capital management	GRI 401 - Employment GRI 102 - General disclosures	Entire Group	
	Personnel training and development	GRI 404 - Training and education		
	Protection of collaborator diversity and non-discrimination	GRI 405 - Diversity and equal opportunity GRI 406 - Non-discrimination		
	Collaborator health and safety management	GRI 403 - Occupational health and safety	Entire Group	Suppliers
Respect for human rights	Respect for human rights	GRI 406 - Non-discrimination	Entire Group	Suppliers
Fight against corruption	Fight against corruption	GRI 205 - Anti-corruption	Entire Group	Suppliers and Sales network

The matter of sustainable governance is transversal to all areas of Italian Legislative Decree no. 254/2016 and all GRI Standards and is dealt with in this Declaration with reference to General Disclosure 102-18.

The reporting is not extended to the scope outside the Group.

GRI Standards correspondence table

GRI Standard	Disclosure	Description	Page	Omissions - Notes
GRI 102 - General disclosures	102-1	Name of the organisation	Cover page	
	102-2	Activities, brands, products and services	1-2	
	102-3	Location of headquarters	Back cover	
	102-4	Location of operations	3	
	102-6	Markets served	5-6	
	102-7	Scale of the organisation	3, 6	
	102-8	Information on employees and other workers	17-19	
	102-9	Supply chain	26-28	
	102-10	Significant changes to the organisation and its supply chain	1	There have been no significant changes to the organisation, with the exception of the acquisition of IKUMA KG
	102-15	Key impacts, risks and opportunities	9, 14, 22, 24, 26	
	102-16	Values, principles, standards and norms of behaviour	1-2	
	102-18	Governance structure	4	
	102-41	Percentage of total employees covered by collective bargaining agreements	15	
	102-45	Entities included in the organisation's consolidated financial statements or equivalent documents	2-3	There are no differences in scope
	102-46	Defining report content and topic boundaries	7-8	
	102-47	List of material topics	7-8, 30	
	102-49	Changes in the list of material topics and topic boundaries		There have been no changes in the material topics
	102-50	Reporting period	Cover page	
	102-51	Date of most recent report	29	
	102-52	Reporting cycle		Annual
102-54	Claims of reporting in accordance with the GRI Standards	29		
102-55	GRI content index	31-33		
102-56	External assurance		Independent auditor's report	
GRI 201 - Economic performance 2016	103-1	Management approach	6-8, 30	
	103-2			
	103-3			
	201-1	Direct economic value generated and distributed	6	

GRI Standard	Disclosure	Description	Page	Omissions - Notes
GRI 204 – Procurement practices 2016	103-1 103-2 103-3	Management approach	7-8, 26-28, 30	
	204-1	Proportion of spending on local suppliers	27-28	
GRI 205 - Anti-corruption 2016	103-1 103-2 103-3	Management approach	7-8, 24-25, 30	
	205-3	Confirmed incidents of corruption and actions taken	25	There were no confirmed incidents of corruption in 2018
GRI 302 - Energy 2016	103-1 103-2 103-3	Management approach	7-10, 11, 30	
	302-1	Energy consumption within the organisation	11	
	302-3	Energy intensity	11	
GRI 303 - Water and effluents 2016	103-1 103-2 103-3	Management approach	7-10, 11, 30	
	303-3	Water withdrawal	11	
GRI 305 - Emissions 2016	103-1 103-2 103-3	Management approach	7-10, 12, 30	
	305-1	Direct (Scope 1) GHG emissions	12	
	305-2	Energy indirect (Scope 2) GHG emissions	12	
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions by type and weight	13	
GRI 306 - Effluents and waste 2016	103-1 103-2 103-3	Management approach	7-10, 13, 30	
	306-2	Waste by type and disposal method	13	
GRI 307 – Environmental compliance 2016	103-1 103-2 103-3	Management approach	7-10, 30	
	307-1	Non-compliance with environmental laws and regulations		In 2018 no non-compliance with environmental laws and regulations was detected
GRI 401 - Employment 2016	103-1 103-2 103-3	Management approach	7-8, 14-19, 30	
	401-1	New employee hires and employee turnover	18-19	

GRI Standard	Disclosure	Description	Page	Omissions - Notes
GRI 403 - Occupational health and safety 2018	103-1	Management approach	7-8, 22-23, 30	
	103-2			
	103-3			
	403-1	Management approach	7-8, 22-23, 30	
	403-2			
	403-3			
	403-4			
	403-5			
	403-6			
403-7				
403-9	Injuries at work	23		
GRI 404 - Training and education 2016	103-1	Management approach	7-8, 15-17, 20-21, 30	
	103-2			
	103-3			
	404-1	Average hours of training per year per employee	20-21	
GRI 405 - Diversity and equal opportunity 2016	103-1	Management approach	7-8, 14-18, 30	
	103-2			
	103-3			
	405-1	Diversity of governance bodies and employee categories	17-18	
GRI 406 - Non-discrimination 2016	103-1	Management approach	7-8, 14-17, 30	
	103-2			
	103-3			
	406-1	Incidents of discrimination and corrective actions taken	15	No cases of discrimination were reported in 2018
GRI 416 - Customer health and safety 2016	103-1	Management approach	7-8, 22-23, 30	
	103-2			
	103-3			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	23	There were no incidents of product non-compliance in 2018
GRI 419 – Socioeconomic compliance 2016	103-1	Management approach	7-8, 14-17, 30	
	103-2			
	103-3			
	419-1	Non-compliance with laws and regulations in the social and economic area		There were no cases of non-compliance with social and economic regulations in 2018

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 2018 (Translation from the original Italian text)

To the Board of Directors of
Cembre S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Cembre S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on 31st December 2018 in accordance with article 4 of the Decree approved by the Board of Directors on 11th March 2019 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by GRI - Global Reporting Initiative ("GRI Standards"), with regards to the selection of GRI Standards specified in the paragraph "Methodological Note" of the DNF, identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of a DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards, with regards to the selection of GRI Standards specified in the paragraph "Methodological Note" of the DNF. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in Cembre Group's consolidated financial statements;
4. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below;

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with the management and other personnel of Cembre S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, at group level, for significant information, considering the Group activities and characteristics:

- at Group level:
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data;
- for the site of Brescia of Cembre S.p.A., that we have selected based on its activity, relevance to the consolidated performance indicators and location, we have carried out a site visit during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Cembre Group for the year ended on 31st December 2018 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards, with regards to the selection of GRI Standards specified in the paragraph "Methodological Note" of the DNF.

Other Information

The comparative information presented in the DNF for the year ended 31st December 2016 has not been examined.

The DNF for the year ended 31st December 2017, whose data are presented for comparative purposes, has been subject to limited assurance procedures by another auditor, who expressed a unqualified conclusion on this DNF on 28th March 2018.

Brescia, 22nd March 2019

EY S.p.A.

Stefano Colpani
(Partner)

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