



**2022**

Communication on Progress (COP)

**Cavagna Group S.p.A.**

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# STATEMENT OF CONTINUED SUPPORT

February 18<sup>th</sup>, 2022

Confirming the commitment made by letter dated February 14, 2014, I am pleased to confirm that Cavagna Group reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

We believe that implementation of Global Compact and of its principles is important for double aspect: encourages development of an ethical culture and environmental within the company, while externally favors the creation of the stakeholders network using our primary channels of communication. This Communication On Progress describes our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

This report, issued within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy, includes:

- A statement of the chief executive expressing continued support for the Global Compact and renewing our ongoing commitment to the initiative and its principles.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption).
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

Sincerely yours,

*Davide Cavagna*

Managing Director

CAVAGNA GROUP S.p.A.



**Period covered by this Communication on Progress (COP)**

**From February 2021 to February 2022**

## WHO ARE THE CAVAGNA GROUP?

Founded and run as a family run business, the Cavagna Group has been in operation since 1949, carrying the mechanical excellence of the 'Made in Italy' essence and authenticity around all continents of the Globe.

Cavagna Group is a key industrial partner and enabler for the regulation, control, Industrial Process Management and metering being safely used in all types of gases, in every step of different supply chains, with a continued 'big picture' view of the Future of Energy. Embedded with the social conscience and responsibility to provide products of the utmost dependable quality whether it be for Energy gases, Renewable, Alternative Fuels, Hydrogen, Compressed or Medical gases.

Using the Group's 70 plus years of experience to drive meaningful innovations in the fields of IoT and digitisation towards a sustainable Energy Transition. Recognizing the importance of the molecule and green molecule in our business practices and vision for the future of gas. Keeping consistency in the presence everywhere gas fuels life, together with a progressive vision on the future Energy Outlook, while staying devoted to our mission: wherever gas is used, we are there.

The Group consists of eight vertically integrated production companies in Italy and eight others spread across the five continents. The Cavagna Group now sells in more than 150 countries worldwide through a distribution network consisting of ten fully owned additional distribution companies and seventeen manufacturing sites.

It boasts good business relations with major oil/gas companies, utility companies, industrial gas companies, automotive OEMs, compressed and liquefied gas container manufacturers and gas appliance OEMs. All of this makes the Cavagna Group a truly reliable technology partner for the optimal use of gas, in terms of performance, safety and reliability, in different applications. The Group has direct working relations in many industrial sectors and is becoming more and more important in the automotive sector.

Cavagna Group S.p.A. adhered to Global Compact in 2014 and is made up of two different units, both ISO 9001 certified:

**Omeca:** Founded in 1964, it offers the world's largest range of LPG valves and Equipment. Omeca also manufactures CNG, H2 Valves for automotive applications and a wide series of valves for Industrial, specialty and medical gas applications. It supplies most of the major multinational Gas Companies and leading gas cylinder manufacturers;

**Reca:** Founded in 1970, RECA is one of the forerunners of the LPG regulator Industry. It is specialized in the production of LPG and Natural Gas regulators for domestic, commercial and industrial use, as well as a wide range of regulators for recreational applications. It also manufactures regulators for industrial gases.

# MISSION

“Starting from innovation, wherever gas is the integral part and provides energy for everyday life, there will be the technological and productive commitment from Cavagna Group. Comprehensive one-stop solutions for each type of gas, to promote safe and functional utilization in all applications.”

The Cavagna Group chose technological manufacturing excellence in its field as its mission right from the outset, since it was aware that quality and safety are fundamental whenever gas is involved. To pursue this aim, the Cavagna Group has implemented continuous improvement procedures, takeovers and ongoing investments in research and development. Consequently, it is always at the forefront, thus ensuring maximum reliability, safety and quality for all its products.

Above all, the Cavagna Group has always pursued the concept of vertically integrated production units and implemented total control over all its production processes. Thanks to this commitment, the Cavagna Group has become a true world benchmark for the major gas players. Its collaboration with major world gas producers, the largest producers of compressed and liquefied gas tanks, automotive OEMs and gas appliance OEMs are clear proof of this.

The Cavagna Group is a global company with family values, which transcend down into every aspect of the business. Its logo is a distinctive triangle where each corner represents a cornerstone of the Group's values:

## **Commitment**

Our Group focuses on its commitment to its customers and to following the continuous evolution of the Energy Transition. Cavagna aspires to exceed customer requirements by not only offering quality products but also by proposing customer tailored quality services. Our commitment goes beyond traditional services, our continued dedication to innovation and sustainability remains at the core of all of our activities.

## **People**

We know the value of individuals with various backgrounds, ideas and qualities to fulfil the requirements of our International business. Supporting our employees by investing in their constant growth and education is quite rightly one of our most valued assets. We care about our community and the Environment- as the Worlds energy requirements develop, so do we.

## **Quality**

Quality is essential in our everyday work for the development and manufacturing of superior products. Our Group has the social responsibility to provide products of the utmost dependable quality and safety, without compromise. This is renowned within our industry and an integral part of our reputation. This extends to our continued R&D with the latest cutting-edge technology, which goes into the development & manufacturing of superior products and to make meaningful innovations.

# SUSTAINABLE PRINCIPLES

As an International Group, we are aware that the importance of sustainability and its definition varies somewhat depending on the area. This is not due to the lack of importance of sustainability but in relation to the priorities of that specific market in regards to economy, health, different local targets and the speed of the development status.

Committing to sustainability transcends from the very top of our organization into one of our main business focusses for the future of the Group and the industry. Using the UN Sustainability goals to address our continuous environmental improvement and partnerships in our community means that we are committed, in every step of our processes, to a cleaner future. For us, considering the Energy Transition is no longer a choice, it is our priority.

## **Green Mission Statement:**

Knowing that the molecule and green molecule plays a part in the future of energy, we at Cavagna Group, are conscious about our contribution to the environment and future of our planet. We aim to transcend our sustainability actions from our company into the entire supply chain.

## **Green Vision:**

Our products will be a key component and enabler in a sustainable supply chain in regards to treatment, transportation, storage and usage. Alongside, promoting a digital transformation to further assist in a greener world.

The Group has always considered its environmental commitment as one of the key principles of the company, seeking excellence in the quality of its products, always making sure of the environmental impacts associated with them. In addition to the use of renewable energy sources to minimize emissions of CO<sub>2</sub> and other climate-altering gases into the atmosphere, the Group has been promoting all alternative fuels for years as the best choice of alternative energy, both for public transport, heavy traffic, passenger cars and marine applications. Keeping in mind the UN goals and other set initiatives by government bodies.

In order to implement effective and active action focused on environmental protection, besides conducting business in total compliance with both Italian and Community regulations on the environment, the Cavagna Group has launched a series of actions designed to prevent, manage and reduce the environmental impact that is both directly and indirectly related to the activities performed.

The environmental policies implemented by the company are regularly performed to achieve ongoing improvements in the results obtained in the framework of environmental protection, in order to exploit the latest technology and good manufacturing practices available. In compliance with International ISO 14001 standards.

Key pillars of Sustainability for the Group:

- Sustainable development and responsible transition
- Family company values in line with the Energy transition
- Position the molecule as an important player in the field
- Innovation Encourages Sustainability
- Economic, Social and Environmental pillars of sustainable development are all linked to one another
- Be sensitive to different definitions of sustainability for different global markets

Together with energy companies, governments, transport companies, component manufacturers and the media, the Cavagna Group is committed to promoting the entire alternative fuel gas industry

(CNG, LPG, LNG, H2, renewable LPG and biogas) by describing it as the best choice of alternative energy for public transport, heavy vehicles, passenger cars, small engines and marine applications.

Cavagna Group has a broad overview of different areas and markets in regards to the gas market. The Group is also aware that the importance of sustainability and its 'definition' varies somewhat depending on the area. This is not due to the lack of importance of sustainability but more to do with the priorities of that specific market in regards to economy, health, different local targets and the speed of the development status.

Cavagna Group is headquartered in Europe and with that considering the energy transition as a priority is no longer a choice.

In developed countries, there is a push for green gases such as hydrogen, rlpq and DME. In addition to that, we are testing gas compatibility in terms of blends, biogas and renewables. Then in regards to the Worldwide trend of digitalization, in these economies, digitalizing means an increase in convenience, energy efficiency and building requalification.

In developing countries, there is more of a push on displacing firewood for cooking, such as the WLPGA initiative: Cooking for Life. Cavagna Group actively supports the "Cooking for life" global project being a member of GLPGP, seeking to reduce the health and environmental risks caused by using solid fuels for cooking (with particular focus on coal and wood) in several developing countries. The aim is to introduce LPG as a clean and safe alternative fuel. Converting to LPG represents a key step forward in the evolution of society and culture, which will help safeguard the welfare of populations around the world and protect ecosystems against deforestation and pollution.

In addition to that, best practices are pushed in regards to safety, education and regulations. Then in regards to digitalization here, the cylinder pay as you go system is more focused upon, meaning more economic solutions and health equity over convenience and efficiency.

In order for this to happen and to be fully adopted, we importantly need to keep two main factors in mind regardless of country or economic status: Accessibility and Affordability.

It is important to note that Cavagna group is part of the cluster of skills in mechanical technologies connected to multiple gas supply chains and intended for the management of pressurized gases in distribution, storage and uses. Cavagna Group and other gas equipment manufacturers are relevant to manage the treatment, transportation, storage and safe usage. Regardless of the type of gas, equipment is necessary and essential.

Meaning that all of these processes still require the expertise in regards to safety, efficiency, reliability and accessibility that the longstanding gas industry players have accumulated over the last 100 years.

The Cavagna Group is on the front line among the major industrial groups to boost the use of a clean energy policy and offer practical solutions to support the widespread use of LPG CNG and H2 in everyday life. It is particularly interesting to note that a special Cavagna Group project has been selected in the national competition for "Smart Cities and Communities and Social Innovation" organized in Italy by the Ministry of Education, University and Research (MIUR). The main project goal is to improve the quality of life of citizens and boost employment by generating new services through a smart meter solution. The project aims to spread the smart grid concept, typically focused on energy distribution networks, thanks to the creation of a computer able to integrate neighborhoods, streets, dwellings and individuals.

The Cavagna Group, through one of its brands, Greengear, contributed to the UNDP AF Project "Developing Climate Resilience of Farming Communities in the Drought Prone Parts of Uzbekistan". The solution provided, consisted of supplying Karakalpakstan Pasture Cooperatives with a total of eighteen WP-4inch mono-fuel LPG water pumps. Including the supply of Cavagna Group hoses and

regulators. The LPG water pumps have been used extensively by the Pasture Cooperatives, primarily for irrigating plots with poor gravity supply. With each unit providing the equivalent displacement of 260 cc resulting in a flow of 70m<sup>3</sup> per hour (308.2gal/m).

In addition, over the last two years, Cavagna Group has invested extensively in R&D in order to digitize some of the group's mechanical products. The Group has also applied Internet of Things (IoT) technology to some of its innovative products, as well as creating a dedicated industry 4.0 R&D team.

The Group has been dedicated to working today in anticipation of the future on the following projects in fuels such as rDME, BioGas, Bio LPG and Hydrogen. In the UK, we are closing looking at the Hydrogen 4 Heat project, which is to establish if it is technically possible, safe and convenient to replace natural gas with hydrogen in residential and commercial buildings. Alongside looking at blend and testing compatibility of our products with BioLPG, Hydrogen and BioGas. Repco is Cavagna Group's newest acquisition and the increase in requests for biogas plant projects has become evident in recent times due to energy trends.

Cavagna Group has a plan and has a vision with all of the above in mind for the future, with the mission that gas will and has a part in the Energy Transition.

# THE UN GLOBAL COMPACT'S 10 PRINCIPLES



## HUMAN RIGHTS

**I PRINCIPLE:** The Business should support the protection of internationally proclaimed human rights in their respective spheres of influence

**(Italian version:** *“Alle imprese è richiesto di promuovere e rispettare i diritti umani universalmente riconosciuti nell'ambito delle rispettive sfere di influenza”*)

**II PRINCIPLE:** The Business should make sure that they are not complicit in human rights abuse, not even indirectly

**(Italian version:** *“Alle imprese è richiesto di assicurarsi di non essere, seppure indirettamente, complici negli abusi dei diritti umani”*)

## COMMITMENT (Assessment, Policy and Goals)

Cavagna Group is committed to providing employees all basic Human Rights guaranteed by the Universal Declaration of Human Rights and UN Global Compact Principles.

Our Company firmly believes that the implementation of these principles is vital for its performances, because we believe that People can give the best only when these principles are respected. Cavagna Group anyhow, regardless by its performance, puts the "Person" and their dignity in first priority.

Based on our commitment we have set up a code of conduct "*Codice comportamentale dei dipendenti della Cavagna Group*", published on our Intranet, to make our position clear for all employees which ensures a safe and healthy working environment. We also issued a Code of Ethics, clearly defining the values and responsibilities that the Cavagna Group recognizes, accepts, shares and assumes, contributing to build a better future for everyone. It has also included a whistle-blowing system, defining that anyone who becomes aware of a violation of the contents of this Code must report to the Cavagna Group General Counsel in a detailed manner.

To develop a human rights protection policy, we take into account at least the following factors:

- Tutelage of human resources who constitute the core capital for development and business success.
- Supply of proper working tools.
- Safety and health.
- Conduct standards.
- Activities aimed to increase competence and skills of the employees.

We also introduced into our Quality Policy (referred to our ISO 9001 certified QMS) the central importance we give to the Human resources; this policy is available worldwide on Cavagna website.

## IMPLEMENTATION

We already take control of our suppliers for being sure that their activity, if their products contain tin, tantalum, tungsten or gold, in any way supports the African “covered countries”.

As already mentioned the Group has always been committed to condemn and combat behaviors that violate fundamental rights and the internal behavioral code. In order to tutelage potential victims of such behavior each worker can contact RSU (Union representative) or alternatively the human resource responsible to denounce the potential cases fact without fear of reprisal. The Company is committed to provide and issue, with impartiality and uniformity, proportional fines in according to the law. This is also officially formalized and shared with the involved parties through the Code of Ethics.

Each worker is trained on privacy, both for their rights and duties, and signs a proper informed consent.

## MEASUREMENT OF OUTCOMES

The Company monitors each reported violation to the Code to ensure that who report non-compliant behaviors are not subject to interference. Any report is considered only if submitted in writing and in a non-anonymous manner, while guaranteeing the confidentiality of the reporting person. Cavagna Group has never received any complaint that could damage its repute -> **IHR<sub>1</sub> = 0** (IHR<sub>1</sub> is the total number of episodes linked to discrimination and actions undertaken)

Up until now, NO supplier has informed us of any problematic situation (or their product does not contain the so-called Conflict Mineral or otherwise they are reasonably confident that these minerals are NOT originated from those countries). The suppliers are also evaluated based on their performance concerning the “Code of ethics for suppliers”.

We have implemented our “Modello 231”, with reference to environmental and workplace safety offences and than has been appointed a Supervisory Body (“Organismo di Vigilanza”), which will have to supervise the Model itself.



## LABOUR

**III PRINCIPLE:** The Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

**(Italian version:** *“Alle imprese è richiesto di sostenere la libertà di associazione dei lavoratori e riconoscere il diritto alla contrattazione collettiva”*)

**IV PRINCIPLE:** The Business should uphold the elimination of all forms of forced and compulsory labour

**(Italian version:** *“Alle imprese è richiesto di sostenere l'eliminazione di tutte le forme di lavoro forzato e obbligatorio”*)

**V PRINCIPLE:** The Business should uphold the effective abolition of child labour

**(Italian version:** *“Alle imprese è richiesto di sostenere l'effettiva eliminazione del lavoro minorile”*)

**VI PRINCIPLE:** The Business should uphold the elimination of discrimination in respect of employment and occupation

**(Italian version:** *“Alle imprese è richiesto di sostenere l'eliminazione di ogni forma di discriminazione in materia di impiego e professione”*)

## COMMITMENT (Assessment, Policy and Goals)

Cavagna Group’s policies and procedures, including our Health and Safety policy, employment contracts, and non-discrimination policies, comply with both Italian and EU employment legislation to ensure that our staff are treated fairly and without discrimination. We are committed to maintaining positive labour relations, and encourage open debate between the team and the Board of Directors about issues that affect them or that they feel need to be discussed.

As a team, we have a zero tolerance policy for all forms of forced and compulsory labour both within Cavagna Group and within our clients and suppliers. We also are vehemently opposed to any form of child labour and discriminatory practices.

Cavagna Group S.p.A. ensures the right to collective bargaining and it is always committed to combat each forced or juvenile work form in full agreement with ILO (International Labour Organization) and with its principles. In particular in phase of recruitment, career development and training, it is very careful to ensure equal treatment to all the workers, without discriminations founded on age, sex, religion, origins (social and ethnic), sexual orientation, political affiliation or trade-union membership, favoring protected categories.

In developing own policy on labour, Cavagna Group paid particular attention to the following points:

- Dealing with unions;
- Proper working conditions;
- Equal opportunity;
- Respect different cultures;

- Integration of disabled people.

## IMPLEMENTATION

Cavagna Group S.p.A. regularly apply the National Collective Labour Contracts, in addition to the internal union agreement. All employees have the right to join any trade unions and this does not entail any advantage or disadvantage. On the other hand, the trade unions are free to conduct these activities away from the pressure or interference from the Company management. The Company ensures to respect the work contract and its obligations, including the right to freely elect their representatives (RSU), without conditioning, which represent both the office and production workers.

Periodically, based on Union requests, there are workers meetings where they speak of work issues, also with a Unions' delegate, in order to potentially make a proposal to the company (e.g. holidays, work improvements ...)

The Group ensures an equal timework, meeting the physical and social needs of its employees. Mothers are favored with part-time contracts or with particular flexible times that allow them to follow the school age of their children. Overtime is regularly paid and each worker enjoys the right to sickness allowance and to holiday they are entitled to.

The Company distributes production prizes for their own employees in order to recognize the good work produced and to stimulate a continuation in this direction.

Cavagna Group has a precise human resources management system, which is developed in three main points and which ensures equal treatment to all the workers:

- Individuation of candidates;
- Evaluation of their competences;
- Possible training.

The candidate research can be internal or external; in the second case Cavagna Group often cooperates with "Università degli Studi di Brescia" (UNIBS). The agreement provides for access to a database where there are curricula for new graduates just emerging from University. We also have an agreement of this type with "Università Cattolica del Sacro Cuore di Brescia" and "Università Ca' Foscari di Venezia". Within common projects, UNIBS provide interns, which subsequently can be inserted into the company.

Once the candidate is identified, at the end of probationary period, the worker's competence is evaluated and if necessary, a training plan is drawn up. This system allows better development of the skills of employees.

We also usually spread the practice of stage periods, both for students of secondary school and for university attendants.

Company provides all necessary tools to perform their tasks to the best and safely. The central attention given to safety is constantly monitored through the DVR "Documento di Valutazione dei Rischi" (risk assessment document). DVR is a structured document, which contains:

- organization chart of safety collaborators (competent doctor, RSPP health & safety advisor, RLS representative of workers for safety, emergency team), all properly trained;
- safety policy;
- the assessment of the risks for safety and health;
- Instructions about correct functioning and utilization of materials for safe work;

- Improvement & adaptation actions;
- Instructions on emergency procedures in different dangerous situation (fire, earthquake, accident).

The DVR is kept updated for work changes and each worker must examine their work area before to begin, indicating to their supervisor any further necessary action.

Also these topics are well managed through the “Code of ethics” and “Code of ethics for suppliers”, who’s content and management have been described into “Human rights” section.

## MEASUREMENT OF OUTCOMES

In 2021, the company DVR has been further updated in order to align it to the real risks available in the company, defining also the proper mitigation actions. The update of such document is still ongoing in order to have it fully aligned with the real situation.

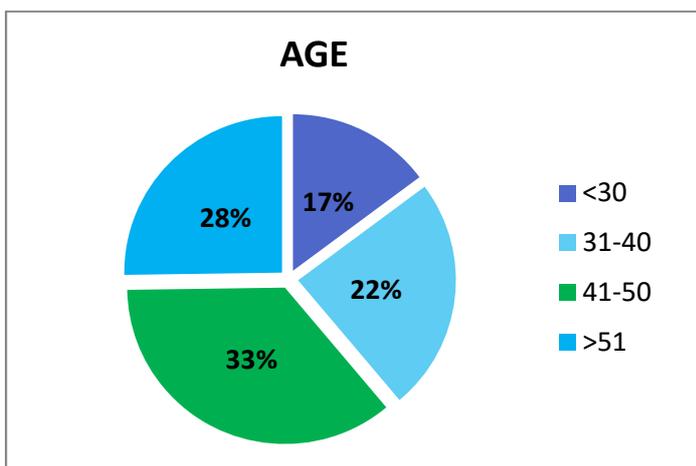
In accordance to our commitment we do not use any form of child labour, as per conventions 138 and 182 of ILO -> **ILA<sub>1</sub> = 0** (ILA<sub>1</sub> is the number of cases of child labour).

Where necessary we take external advice, and as a result of our care to ensure that we enforce Labour principles compliant with the Global Compact position, we have never had a breach or complaint about unfair treatment since the Company formation -> **ILA<sub>2</sub> = 0** (ILA<sub>2</sub> is the number of breaches or complaint about unfair treatment).

The rights of all employees are continuously reviewed to ensure that the Cavagna Group team are content and that they are fulfilled and motivated by their work; in our periodical review of the occupational hazards and the work-related stress is taken under control.

**ILA<sub>3</sub>: Composition and breakdown of employees per category according to employment type, employment contract, qualification, gender, age, nationality, membership in a protected class**

Total number of workers for these statistics = **435**



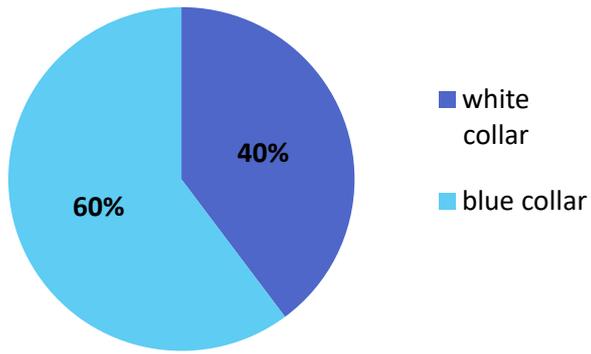
Under the age of thirty: 73

Between the age of thirty and forty: 97

Between the age of forty and fifty: 143

Over the age of fifty: 122

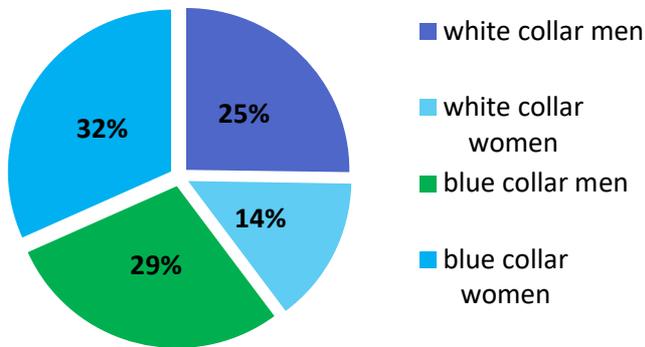
### QUALIFICATION



Number of white collar: 172

Number of blue collar: 263

### QUALIFICATION/GENDER



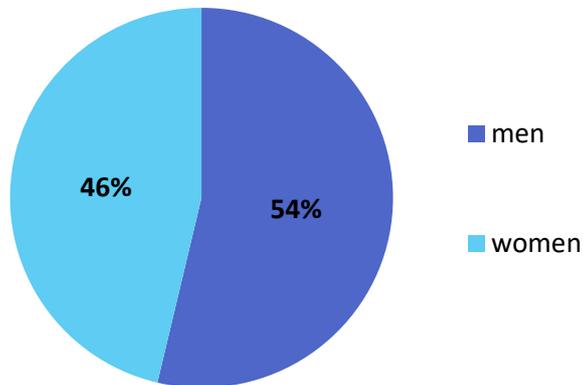
Number of white collar men: 109

Number of white collar women: 63

Number of blue collar men: 126

Number of blue collar women: 137

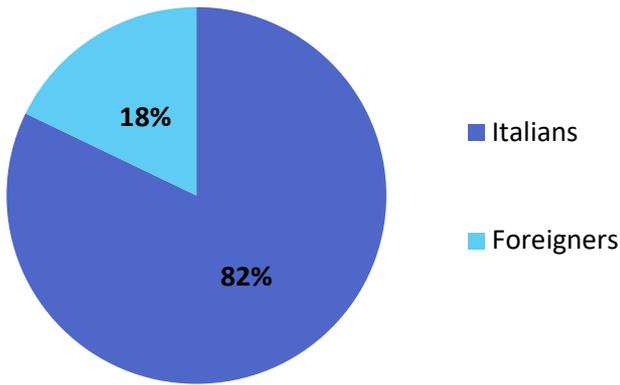
### GENDER



Number of men: 235

Number of women: 200

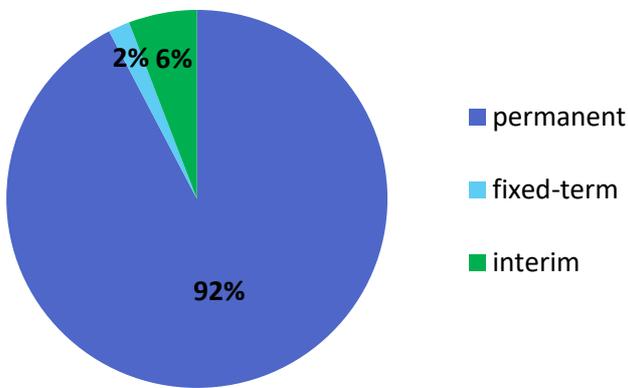
### NATIONALITY



Number of Italians: 356

Number of foreigners: 79

### CONTRACT

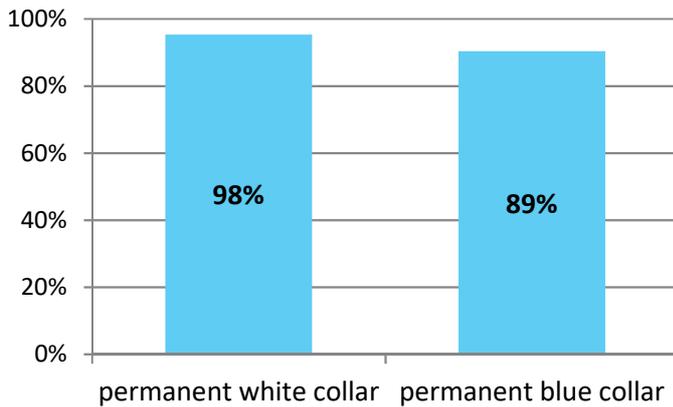


Number of permanent contracts: 403

Number of fixed-term contracts: 7

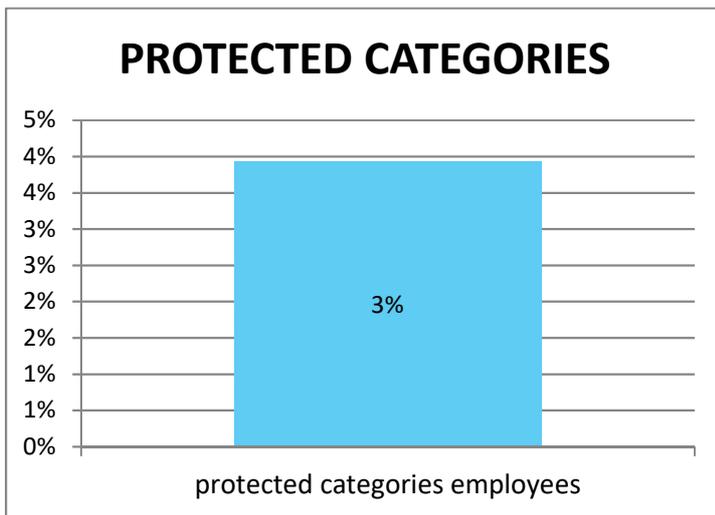
Number of interim workers: 25

### PERMANENT CONTRACTS



Number of white collar with permanent contract: 168 (out of 172)

Number of blue collar with permanent contract: 235 (out of 263)



Out of a total of 435 employees, 13 belong to **protected categories**, the 3% of the total workforce.

As proven by our numbers Cavagna Group does not discriminate regarding employment and occupation. Contrarily, we encourage integration of employees who have these differences. In particular, we have always paid attention to tutelage protected categories, ensuring to those who are part it, a fundamental right such as to labour.

#### **ILA4: Accident rate and index of gravity**

In 2021, we had the following data:

- Accident rate (calculated as:  $n^{\circ} \text{ accident} * 1.000.000 / \text{working hours}$ ) = 24,1
- Index of Gravity (calculated as:  $n^{\circ} \text{ working days lost} * 1.000.000 / \text{working hours}$ ) = 113,1

We believe that these results (definitely worse than our standard indices) a concatenation of contingencies and we believe that the 2022 result will be substantially better, also thanks to corrections that, in any case, we always make where applicable based on the accidents that occur.

In 2021, we realized many training for safety-related issues, which engaged hundreds of man-hours; it included:

- training for specific work activities (usage of forklifts);
- general training for safety at work (rights, duties, risks, hazards, ...);
- specific training for the operators (in particular on risks during work and the proper behaviors);
- training members of emergency teams (both for firefighting and first aid).

This is a continuous training and therefore also for 2022 different training sections have been scheduled and will be provided within the end of the year.



## ENVIRONMENT

**VII PRINCIPLE:** The Business should support a precautionary approach to environmental challenges (**Italian version:** “*Alle imprese è richiesto di sostenere un approccio preventivo nei confronti delle sfide ambientali*”)

**VIII PRINCIPLE:** The Business should undertake initiatives to promote greater environmental responsibility

(**Italian version:** “*Alle imprese è richiesto di intraprendere iniziative che promuovano una maggiore responsabilità ambientale*”)

**IX PRINCIPLE:** The Business should encourage the development and diffusion of environmentally friendly technologies.

(**Italian version:** “*Alle imprese è richiesto di incoraggiare lo sviluppo e la diffusione di tecnologie che rispettino l'ambiente*”)

## COMMITMENT (Assessment, Policy and Goals)

Cavagna Group has long been engaged in environmental challenges, both in regards to environmental impact limitation generated by our activities and in the research of innovative ideas and new environmentally friendly technologies to carry on the market. This has a dual importance, as we contribute either directly (with an emissions limitation and of energy waste) or indirectly (placing on the market new environmentally friendly solutions) for resource preservation.

Following these principles, Cavagna Group has developed its "Cavagna Group environmental policy" in which it has contained the corporate philosophy, which is also available on our official website.

We are committed to the continuous improvement of our environmental performance, as part of our overall goal of implementing the principles of sustainable development in all areas of our work. Our aim is to ensure that environmental objectives are integrated into relevant business objectives in a cost-effective manner.

## IMPLEMENTATION

Wanting to take the road of sustainable development, the Company developed an environmental control and an ISO 14001 certified environmental management system focused on the following points:

- Ensure customer satisfaction also in environmental requirements terms.
- Promote use of eco-friendly technologies.
- Environmental impact analysis.
- Definition of annual improvement targets.

Into our Environmental Policy (referred to our ISO 14001 certified EMS) we give the central importance to the Wastes management; this policy is worldwide available on Cavagna website.

Cavagna Group is also very active in participation in projects and in development of eco-friendly technologies (“Smart Cities and Communities and Social Innovation” and “Greengear”).

The Cavagna Group has long made use of renewable energy sources to minimize the emissions of CO2 and other gases that affect the climate in order to prevent climate changes, which are unanimously deemed as the most crucial global environmental challenges. Also to cut down on the release of pollutants into the atmosphere. In particular, (some more details are also available in our website):

- we installed a photovoltaic plant (generating electric energy); recently we also added two new sections in order to reinforce its potential;
- we installed a cogeneration plant for power generation from raw vegetal oil (generating both electric and thermal energy);
- The Eco sustainable transport solution implemented by Cavagna Group includes different company vehicles rented to employees; regularly replaced and serviced. The corporate car policy envisages the possibility of only choosing from models manufactured by Italian firms (with one exception), and envisages measures to cut down CO2 emissions (e.g. engine capacity limit of the cars, cars hybrid or powered by LPG, CNG, ...).

## MEASUREMENT OF OUTCOMES

Cavagna Group assesses in systematic manner of its own CO2 impact, in order to identify some potential improvement areas. To achieve what it has developed, a report was produced: "GHG emissions inventory". This report was limited to the productive unit OMECA, the analysis was performed for the year 2012 and it has been developed according to the GHG directives.

This document contained:

- Guidelines used to perform analysis and the system of data processing.
- The actual analysis results that will serve as a comparison and as a starting point for subsequent analysis.
- Actions already implemented in support of the environmental challenge.

We standardized the project intending to re-perform this project, including also the other companies of the group, in order to map our CO2 emissions and therefore plan specific plans in order to improve our environmental impact. This has been done, and the results are available on the website for the year 2017 and we publish a similar report every two years.

Cavagna Group has a valid ISO 14001 certification (current reference ISO 14001:2015), improving the already existing management system in the last period we also further improved the temporary storage of the waste we generate, besides having sensitized the resources involved in giving the proper attention and priority to environmental issues and the correct management mode.

In accordance to our commitment, we defined some indicators for our environmental performance and they allow us to take our environmental impact under control; they are structured and monitored into our Environmental Management System. These indicators are mainly related to:

- consumption of water;
- consumption of electric energy;
- consumption of natural gas;
- production of electric energy from renewable sources;
- production of waste and % of them destined for recovery.

In 2019, we completed, every 4 years as per Italian law requirements, a new in-depth energy audit, which allowed us to map the use of the main energy carriers. This allowed us to identify inefficiencies,

if present, and this allowed us to plan targeted interventions in order to further improve our environmental and consumption performance.

In all offices we have the separate collection of paper and plastic, which will allow us to better differentiate the waste and then to target their recovery more effectively. The project continues and the results are improving more and more.

In 2020 the targets included further improvements in waste separation but also the reduction of energy consumption and waste creation.

Due to the situation caused by Covid 19, which affected the entire population worldwide, we introduced waste separation for masks and gloves as a potentially infectious material by setting up collection points accessible to all employees in accordance with anti-contagious regulations.

In addition, we have developed an energy monitoring system with the aim of monitoring energy consumption and correcting losses in the future. The monitoring system, developed in-house, was fully operational in early 2021.

An updated assessment of our carbon footprint was also planned for 2020 (as per our documentation it is carried out every two years), including all Cavagna Group subsidiaries worldwide, helping us to identify potential inefficiencies. The assessment is still ongoing, in the final analysis.

The role of the Mobility Manager has been implemented; a questionnaire was sent to all company employees in order to understand the habits of the workers. Due to the pandemic, it has not yet been possible to promote collective mobility initiatives.

As part of the plastic free project to which our company has adhered, columns of filtered water were installed, thus enabling the elimination of plastic bottles, which had a major impact.

We implemented to replace the current hard cardboard and metal folders with folders that are more convenient to dispose of. It is already in everyone's interest to reduce as much as possible the storage of paper material for consultation purposes in preference to the digitized version.

In 2021 we replaced metal core and cardboard binders with fully recyclable cardboard ones.

In 2021 we implemented the energy data collection system. We have implemented an energy monitoring system that allows assessments to be made in order to avoid unnecessary waste of electricity.

In 2021 we replaced beverage dispensers with dispensers that dispense drinks in paper cups.

In addition, containers for the collection of aluminum cans were installed as the only drinks in the dispensers are in can format. Overall satisfaction with the installation of the water dispensers was noted.

In 2021, the home-work trip plan drawn up by the mobility manager was presented to the local municipality.

For 2022 we will again focus on plastics, especially those generated by the canteen service. The aim is to reduce its use with materials that have less impact on the environment.

Also these topics are well managed through the "Code of ethics" and "Code of ethics for suppliers", whose content and management have been described into "Human rights" section.



## ANTI-CORRUPTION

**X PRINCIPLE:** Businesses should work against corruption in all its forms, including extortion and bribery.  
(Italian version: “Le imprese si impegnano a contrastare la corruzione in ogni sua forma, incluse l’estorsione e le tangenti”)

### COMMITMENT (Assessment, Policy and Goals)

Cavagna Group is committed to operating responsibly wherever we work in the world and to engage with our stakeholders to manage the social, environmental and ethical impact of our activities in the different markets in which we operate.

Cavagna Group does not engage in bribery or any form of unethical inducement or payment including facilitation payments and ‘kickbacks.’ All employees are required to avoid any activities that might lead to, or suggest, a conflict of interest with the business of the Company. We do not make direct or indirect contributions to political parties.

We also introduced into our Quality Policy (referred to our ISO 9001 certified QMS) the central importance we give to these issues; this policy is worldwide available on Cavagna website.

### IMPLEMENTATION

Cavagna Group regularly reviews the implementation of this policy in respect of its suitability, adequacy and effectiveness and makes improvements as appropriate. It periodically reports the results of this process to the Board, who makes an independent assessment of the adequacy of the policy and discloses any material non-compliance.

It is prohibited to promise objects, money or services to favor managers or functionaries both public and private, in order to obtain an advantage for Cavagna Group or for themselves. The Company has never financed or put pressure on institutional bodies or political parties. Every contribution to bodies or associations has always been exclusively for charitable purpose.

Prizes and professional growth of employees are decided exclusively according to merits working of the person and in accordance with the provisions of the contracts.

### MEASUREMENT OF OUTCOMES

In accordance to our commitment we take control of the cases of bribery and corruption -> **IAC<sub>1</sub> = 0** (**IAC<sub>1</sub>** is the number of cases of bribery and corruption).

In addition, these topics are well managed through the “Code of ethics” and “Code of ethics for suppliers”, this content and management have been described into the “Human rights” section.