

# Sustainability Report 2022



Cogne Acciai Speciali

# 2022 Sustainability report

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## CEO's Foreword

The year 2022 has been unprecedented for the world economy, society and individuals, with magnified direct impact on the stainless steel industry and Cogne Acciai Speciali itself. In addition to the continuing global market uncertainty due to the persistent disruptions caused by the COVID-19 pandemic, the year, in Europe, was marked by the conflict in its Eastern regions and raising energy prices.

Cogne Acciai Speciali has taken all possible and necessary measures to mitigate the negative impact on employees, Customers and local community, adjusting its equipment operating regime to the increasing energy costs, reducing fixed costs and focusing on maintaining proactive Customer engagement to ensure the highest level of Customer service in difficult times for both.

The efforts to manage pandemic's effects started in 2020 and continued in 2021 and 2022, resulting in new ways of working and cooperating in a modified and more complex environment with one ultimate target: protect our most important asset, our people. I am proud and grateful for the resilience, flexibility and commitment demonstrated by the Cogne team and our partners once again in 2022.

Attention to safety was, is and will be always my top priority: in 2022 we recorded the best year of the Company in terms of injury frequency rate but we are not where I want us to be: zero injuries. We are actively working to achieve this goal: it is not a matter of "if" we will get there but "when" we will get there.

In 2022 our financial performance was the best of our history but we are not satisfied. We, therefore, continue to implement strategic measures to improve our profitability and to mitigate the negative forces we still witness in Europe. The cooperation with Walsin Lihwa Corporation will be an incredibly important asset in enabling our growth process, which will develop internally, with group synergies and with acquisitions.

After joining Cogne's team in December 2022 (at the same time of Walsin Lihwa Corporation as majority shareholder) as Chief Executive Officer, after three years of Board Member, I challenged our business and its operations, discussed with groups of employees and Customers to gain an in-depth understanding of the Company, its strengths and areas of improvement.

Cogne has made remarkable progress, over the years, in improving efficiency and productivity but due to global market uncertainty, the recurring effects of the pandemic and the repeated market shocks, due to energy cost and raw materials, additional measures are needed to improve overall performance with impact on our cost structure, our operational efficiency and Customer portfolio & engagement.

We are "One Cogne":

- We work safely, we work together exchanging experience and combining our knowledge to provide the highest value to our Customers;
- We develop talents and value diversity;
- We take actions in the present which have a long-term influence on continuously improving our impact on environment.

The key theme for 2023 will be working together with our new majority shareholder Walsin Lihwa Corporation, exploring all possible synergies, both hard and soft, and creating a new, more successful and robust, company culture.

The year will see Cogne evolving into the biggest worldwide player in specialty stainless steel long products: this brings with us the responsibility to be a role model in everything we do. And we are ready and excited to cope with this challenge.

*Mr Massimiliano Burelli*  
Chief Executive Officer  
Cogne Acciai Speciali SpA



# **OUR HISTORY AND FUTURE**



In the Italian industrial history Cogne Acciai Speciali SpA is one of the most significant examples of the integrated steel industry. The idea of creating an iron and steel plant strategically close to raw materials was born in the early years of the 20th century when Belgian entrepreneurs bought the Licony iron mine in the proximity of the small village of Cogne. In 1916 the Genoese based company “Società Anonima Italiana Gio. Ansaldo & C.”, led by the brothers Pio and Mario Perrone, purchased the mining rights and set the basis for the establishment of a metal production site in Valle d’Aosta.

The first pavilions of the plant were built in Aosta and the structure of the Valle d’Aosta project was immediately clear: pairing the metal production plant and the mines with the hydroelectric generation plants necessary. The end of the First World War triggered a large financial crisis that engulfed also Ansaldo that was unfortunately overwhelmed by the collapse of the major banks and at the end of 1921 the Perrone’s Family left the scene. A new renaissance began in the mid-20s’ after the injection of Swiss capital with entrepreneur Paul Girod.

The renewal of the plants was fundamental and two new large coke blown blast furnaces were installed. In 1929 the historical denomination appears for the first time: Società Anonima Nazionale Cogne and the 1930s’ are characterized by the repercussions of the Great Crisis of 1929.

The second half of the thirties saw a clear turnaround. The plant is essential for national defense and for the strengthening of the special war steel industry which therefore entails the relaunch of the full-cycle steel industry.

In the years of Reconstruction following WWII, as a public company, Cogne played a central role in the economic growth and in the mid-1960s, Cogne’s activities had new impetus as the government decided to recreate an integral cycle structure, modernizing the blast furnaces and building a new steel plant with two small-sized oxygen converters and to complete the downstream integration, expanding the rolling area.

During the 1970s and 1980s, Cogne was not immune to the difficulties faced by the state steel sector and was subject to the liquidation of Egam and Finsider to be finally positioned in the Ilva group. In the years that followed, most industrialized countries had to make drastic capacity reductions in the cast iron and

steel sector. An oversupply was countered by a contraction in consumption due to the emergence of new products and new producers in the Far East.

Ilva, Italy's largest producer, faced the rationalization process that involved gradual downsizing, all achieved at the very real cost of heavy restructuring and plant closures. At the beginning of the 1990s, Ilva began focusing its activities on its core business: flat steel production. Albeit boasting recognized quality in the long product sector, Cogne risked closure as it was no longer part of the Ilva group's strategic plans.

And it was in this complex moment for the company that the Marzorati family decided to focus on Cogne, acquiring control of it on 1 January 1994. The necessary industrial restructuring for the purposes of the subsequent relaunch involved the halving and optimization of the occupied areas which led to the reduction of the surface of the plant and at the same time the return to the city of an area, the Espace Aosta.

The beginning of the 2000s saw the implementation of an ambitious reorganization and the strengthening of the Company, which took place through significant plant and commercial projects, that led the company to be present globally through directly owned subsidiaries.

Since 2016, first centenary of the foundation, the company's growth has led us to explore new markets while maintaining a high level of quality by adopting a more competitive, flexible and widespread approach to the market, inspired by the principles of the Lean Organization.

In the current hyper-connected and competitive global market, Cogne's further growth could be conceivable through

alliances with major international players that allowed for the synergistic integration of product, markets and above all the attention to workers and environment. In 2022 the helm passed from the Marzorati family to the Chiao family, which acquired major share control of the company. The Marzorati family remains within the corporate structure as a long-term investor.

The operation, of primary relevance for the global steel sector, but also for the Valle d'Aosta community, support the strategic creation of a global leader in the production and marketing of special long stainless steels and confirms the centrality of the Aosta site for the European market.

The sustainability plan as well as the Investment Plan have been fully confirmed and will be implemented in all their points.

"The investment, together with the Marzorati family, in CAS, in the Aosta Valley community, fills us with pride: we have the utmost respect for the professional skills of the managers and staff of the CAS. Walsin is a large industrial group, not a financial one, and we will work to ensure the growth and development of the Company."

*Mr Chiao, President of Walsin Lihwa Corporation*



**Aosta, 30.11.2022**

Dear Friends and Trusted Colleagues,

Since 1994 to the present day, I have had the great fortune of working with you and your predecessors. Solid enterprise, commitment and vision has brought us from a situation of genuine business hardship to our present-day position as a highly regarded top international actor.

This achievement was highlighted with the prestigious honour awarded to me in Hamburg just a few months ago. This testifies to the consideration of the entire steelmaking world, not only for my role in the Company, but also for the work of development and constant growth that, together with you and my sons, has enabled us to achieve our great goal: that of making the Cogne Group a European leader in the production and sale of stainless steel and nickel alloys long products.

Together we have actively supported the radical changes that our Company has actioned over the years, both on a human, organisational, commercial, production and plant engineering level, acting as spokespersons for the Lean culture and, above all, by prioritising all the different faces of sustainability.

In the light of global economic uncertainty, the agreement with the Walsin Group that entered its operational phase today, is truly historic. The Walsin Group, the Asian leader in our sector, listed on the Taipei stock exchange in Taiwan, becomes the major shareholder of Cogne Acciai Speciali. This will undoubtedly strengthen the

Company's expansion and headway internationally, thus guaranteeing genuine, robust stability to the Company in these new, challenging times.

After almost thirty years, I am handing over my role as Chairman to the expert hands of Mr. Yu-Lon Chiao, a person of unquestionable success who I greatly respect and who will certainly be able to continue the current trend of corporate growth. Your new President not only leads the Walsin Group in an exceptional manner, but also shares those values for which my family and I fight every day, and which we have shared with you over all these years.

I am delighted to continue to be present in the company life, as Mr Chiao has conferred me the role of Honorary Past President.

As a sign of my greatest appreciation, all of you will receive a personal gift from me in December. At this time, my thoughts and very best wishes are with you all.

United as ever, from today onwards, we warmly welcome the Walsin Group, which I am sure you will support as you have always supported me.

Thank you again for our long and wonderful journey together...

May I take this opportunity to wish you and your families a very Merry Christmas.

Warmest regards,

*Mr. Giuseppe Marzorati*

**Aosta, 30.11.2022**

I feel very honored to be here in Lugano today to participate in this special event. Today marks a historical point for both Cogne and Walsin. We have become a unity.

First, I would like to honor Mr. Giuseppe. My greatest thanks and appreciation go without doubt to Mr. Giuseppe, without whom we would not be here now. Mr. Giuseppe, you have been leading this company for almost three decades and have made Cogne to what it is now. A great company with an excellent reputation both in Europe and internationally.

When I first entered Cogne, it felt like walking home. We at Walsin share the same company culture that Cogne has created. It indeed feels like extending our Walsin family. We both can look back at a long history and have passed the business down through generations. The board of directors, management team and shareholders may change over time, but the honorable spirit of the founder remains and will give guidance over what will come next.

I am extremely impressed with Cogne's outstanding management team and highly appraised technologies and products. We will integrate these strengths to our cross-continental strategy, which will offer enormous business opportunities and the development of global synergies in the long run. I am confident that under Max', Eugen-

io's and Monicas' leadership, Cogne will continue its drive towards excellence. I am looking forward to our integration and building our forces together without giving up Cogne's identity and origins. Mr. Giuseppe's heritage will remain. We will continue your tradition within the group companies.

I would like to express my affection and attachment to the town of Aosta, its people and community. We are very committed to the city and local community. We will establish our R&D center here and want to hold a strong position in environmental, social and governance matters, and I am confident that we will continue to establish prosperity in the region.

Lastly, I would like to express my sincere appreciation to all of the people and colleagues who have worked at Cogne over the past decades. You are part of this great success; we are proud to become part of this team and we will continue this journey together.

I wish all of you good health, a Merry Christmas and a Happy New Year.

*Mr. Yu-Lon Chiao*





# Boosting the Sustainability Agenda

In the recent past, we took steps to reinforce our sustainability agenda and reflect the growing importance of sustainability. Our approach focuses into three main themes: mitigating climate change, protecting the environment and act responsibly towards our people and the local community. Cogne is also part of the ResponsibleSteel initiative. The results are positive and in 2023 we plan to launch several initiatives to leach our sustainability approach across the organization. Key initiatives will include renewing the environmental performance KPIs and creating a road map to carbon neutrality and launching working groups to reinforce customer collaboration, as well as fostering a company culture through focus groups and extensive training including e-learning.

We are committed to the United Nation's Sustainable Development Goals (SDGs) and sustainability is integrated into all our operations, activities, and decision making. Cogne's operations

are guided by our Code of Ethics and the Quality, Occupational Health, Environment and Safety and Major Accidents Prevention Policy. We expect our business partners and suppliers to follow similar standards. Our policies are available at [cogne.com](http://cogne.com).

Aosta's site is certified according to quality ISO 9001 and environment ISO 14001 management systems, as well as ISO 45001 and EN 9100 and IATF 16949 and ISO/IEC 17025. The functioning of the systems is monitored by both internal and external audits and all management systems also take into consideration and monitor sustainability issues.

## Cogne and the Sustainable Development Goals

*Cogne contributes to sustainable development in line with the UN Sustainable Development Goals (SDGs), integrating this commitment into its business model. In 2023 we are going to assess to which SDGs Cogne contributes and can contribute most in the future. All 17 SDGs will be examined and specific activities/areas that can contribute to their achievement will be acknowledged, enabling the selection of Priority Objectives that will be part of the Strategic Plan. Cogne can also have an impact in the implementation of the Goals that might not be identified as priorities.*



## United Nations Global Compact

*Cogne supports the United Nations Global Compact (UNGC), recognizing the consistency between the ten principles supported by the United Nations with the "Global Pact" and the UN Sustainable Development Goals (SDGs) that Cogne embed in its values and strategies. In this view, Cogne's Sustainability Report acts as mean of reporting to all stakeholders on the activities undertaken and the results achieved in implementing the 10 principles of the Global Compact.*



**ONE COGNE -  
CHANNELLING  
THE POWER  
OF COGNE TO  
CREATE A BETTER  
FUTURE**

Around the world today, businesses are facing pressure from multiple stakeholders to act on their societal and environmental risks and opportunities. Pressures such as incoming regulation, disruptive competition, social inequalities and increasingly unpredictable and severe weather due to climate change are making the situation even more pressing. Our business strategy integrates ESG throughout the operations, essential element to creating an organization that can thrive in the long-term.

Sustainable development had been integrated in Cogne's century-long commitment to public interest and welfare. Cogne engages in continuous product and process development but also commits itself to community relationship that include care for the underprivileged and neighborhood improvement.

It is for these reasons that Cogne plan to develop, starting in 2023, a corporate citizenship program. Corporate citizenship program will promote mutual development with local communities to attain the goal to acquire better social influence.

One Cogne strategy deployment will expand through steps, the first of which we will focus on during 2023.

In 2023 we will focus on assessing results of the Sustainability Plan approved in 2021 and identifying closely areas of further improvement identifying science-based targets that will outline a

clearly defined path to reduce GHG emissions in line with the Paris Agreement goals. The first Sustainability Plan we approved in 2021 was not disclosed as we worked to clear our priorities and structure the company to be able to efficiently work and achieve the goals we set. After the change of ownership in 2022, in 2023 we will work to set the path and to be ready to report successes and results in the incoming years.

The Lean organization focus will be, amongst others, to deploy training to 100% of employees, focusing on problem solving techniques and tools, to start setting a communal toolbox that employees can use to analyze and solve situations across area, departments and roles. In this stream, we will continue the dissemination of cross-departmental continuous improvement culture that will allow operations to optimize use of resources and learn good practice from one area to the next ones, through our "Progetti di Miglioramento" program.

Commercial excellence will consist in the ability to engage our customer at a technical level since the beginning of the relationship, growing in the selected segments and leverage the leadership that we have in specialty grades. Growth in the different markets will be reached, when possible, through external acquisitions.



# Corporate citizenship as responsible value creation and ESG impact

In this moment of great transformation, where the value of companies is increasingly based on social, environmental and ethical impact the power of people and technology to “change things in better” is at its greatest. And it is on this ability to constantly change, based on the involvement of employees and on the principles of responsible and sustainable business logic, that we decided to create Cogne’s Corporate Citizenship program.

Cogne’s Corporate Citizenship will have a pivotal role in our performance in Hr in the next few years, also per the extremely positive impact it has in employee retention and satisfaction, attraction of new talent and a solid relationship of trust with the community.

Cogne’s Corporate Citizenship will focus on project such as Employee Engagement, Wellbeing and Onboarding, that, amongst others, will have the aim to an increasingly effective HR management and cross-department collaboration.

One Cogne will imply the creation of a communal ground where knowledge and skills can be shared and from which we will start building the future of the company in accordance to the same goals and rules, using the same tools and we will ensure

equal treatment and opportunities for all our employees. One Cogne will allow us to combine and blend together different points of view and talents to find the right balance that will guarantee us growth and the achievement of our target, always with a profound respect and with the involvement of the community that hosts us.



# Cogne: business model

Cogne operates in the stainless steel long products and nickel alloys manufacturer base in Aosta, Valle d'Aosta - Italy.

Boasting over a hundred years of experience in producing steel, Cogne is an industrial holding (in the parent company is Cogne Acciai Speciali S.p.A.) and three production areas: Steelshop, Forging Mill and Rolling Mill. The business model is designed to allow sustainable development, with the aim of creating shared value over time for the company and for its stakeholders. Thanks to the synergies between the different business areas, also in a logic of innovation, Cogne works to reduce the environmental impact and meet the demands of its Customers and the Communities in which it operates and it is committed to ensuring high safety standards for employees.

## SCALE OF THE ORGANIZATION

Value		
885,441 M€ Revenues	44,32 M€ Investments	6,94 M€ Investments in ESG
Operations		
216.398 t steel produced	172.173 t steel delivered	21.882 MWh heat to District heating
People		
1.065 Employees	154 New hires during the year	32 average training hours per capita
13,47 Accidents Frequency Index	0,48 Severity Index	25 number of accidents
Energy		
1.553.930 GJ Direct energy consumption	26% Renewable Energy used	nr. 1,07 tCO <sub>2</sub> eq/tsteel produced <sup>1</sup>
Environment		
12,6 million m <sup>3</sup> water withdrawals	96.652 t Waste produced	86% non-hazardous waste

<sup>1</sup> The kpi is calculated as the ratio between the total tonnes of CO<sub>2</sub>eq (sum of Scope 1 and Scope 2 Location based emissions) and the total tonnes of steel produced excluding trading.

## OWNERSHIP STRUCTURE

At 31/12/2022, the most significant shareholders that hold a stake, directly or indirectly in Cogne, are MEG SA (82,32%) and REM SA (17,68%). In 2022, Cogne's shareholding structure was affected by the sale of the majority of share capital holdings by the Marzorati Family to Walsin Lihwa Corporation, based in Taiwan that holds, indirectly, 70% of shares. At 31 December 2022, Cogne share capital is represented 250.000.000 ordinary shares.

## BOARD OF DIRECTORS

The Board of Directors (BoD) has full powers for the ordinary and extraordinary administration, and for the implementation and achievement of the company business objectives, with the sole exclusion of powers which by Law or by the Articles of Association are the responsibility of the Shareholders' Meeting. Within this framework of responsibility, the Board of Directors is responsible for defining the sustainability policies and principles of conduct to be adopted at company level, in order to ensure the creation of value over time for shareholders and for all other stakeholders, together with the definition of the sustainability plan that the BoD itself has chosen to integrate in the Strategic Plan.

The BoD assesses the organization's economic, environmental and social performance, any significant risks and opportunities, and its compliance with standards, codes of conduct and the principles declared during the approval of the strategic, business and financial planning documents, the annual budget, the financial statements and the interim management reports. The Board of Directors also evaluates the social and environmental performance reported annually in the Sustainability Report.

The Board of Directors in office as at 31 December 2022 was appointed (until the approval of the financial statements at 31 December 2024) by the Shareholders' Meeting held on Nov 30<sup>th</sup> 2022 and is composed of 9 Directors. For the appointment, the Articles of Association govern the appointment mechanism determining the number of Directors designated by each shareholder. As regards the qualitative profile, without prejudice to the possession of the integrity requirements, the objective

that the Board of Directors set itself was to combine different professional and managerial profiles, recognizing the value attributed to the complementarity of experiences and skills, together with the diversity of nationality, gender and age, for the purposes of the proper functioning of the BoD. In order to prevent episodes of conflicts of interest and in line with independence requirements established for the highest body of government of the Company, the President of the Board of Directors does not hold executive powers.

***Yu-Lon Chiao***

Chairman of the Board of Directors

***Eugenio Marzorati***

Vice President

***Massimiliano Burelli***

Chief Executive Officer

***Roberto Marzorati***

Director

***Monica Pirovano***

Director

***Hsin-Yi Ho***

Director

***Chi-Sheng Niu***

Director

***Justin Wei-Shiong Wong***

Director

***Motoo Ono***

Director

Under the terms of the Articles of Association, the BoD delegates its powers to one or more of its members and can also assign powers to the Chairperson, Deputy Chairperson and CEO, provided they do not conflict with each other. The Delegated Bodies may delegate part of their duties and responsibilities to those working directly under their management. In such cases, the delegation process is based on notarized powers of attorney. The Delegated Bodies are responsible

for assessing whether the delegated persons possess the appropriate skills and personal characteristics and request periodic reports on the powers conferred with regard to economic, environmental and social aspects.

In October 2022, a specific induction session for BoD and Statutory Auditors was held that focused on the following topics: risk management and sustainability as an element of value creation, new compliance obligations related to sustainability reporting.

The Board of Directors does not currently undergoes evaluations of its performance regarding its oversight of impacts management on economical, environmental and social aspects.

## BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is called upon to assess the adequacy of the identification, measuring, management and monitoring system for risks, as well as to verify the appropriate and prompt application of corrective actions held to be suitable for reducing risks to levels considered acceptable by the BoD when defining the business strategy. More specifically, the Board of Statutory Auditors verifies:

- the compliance of the acts and deliberations of the governing bodies with the regulation and statutory provisions, as well as the tangible means of implementing the same;
- the compliance of management choices with the principles of correct administration and, thus, with the general criteria of economic rationality, such as control of substantial legitimacy and compliance with the operative procedures and/or practices in force;
- the adequacy of the organisation structure compared to the size and complexity of the Company, placing particular attention on the complete-

ness of existing Company departments, on the separation and on contrasting responsibilities in the functions and duties, as well as the clear definition of mandates or powers of each department;

- The adequacy of the internal control system in relation to the size and complexity of the company and the sector in which the Company.

Cogne's Board of Statutory Auditors in office as at 31 December 2022 was appointed by the Shareholders' Meeting of Nov. 30<sup>th</sup> 2022 and is composed of 3 Standing Auditors and 2 Supplementary Auditors.

**Mara Vanzetta**

Chairman of the Board of Statutory Auditors

**Paola Barazzetta**

Standing Auditor

**Aldo Valsecchi**

Standing Auditor

**Franco Boga**

Supplementary Auditor

**Roberto Piatti**

Supplementary Auditor

## SUSTAINABILITY GOVERNANCE

Cogne' governance is based on shared rules that inspire and direct strategies and activities. The instruments adopted guarantee respect for ethical values, principles and behaviours within an industrial model that plans for sustainable growth. Cogne adopts a traditional type of corporate governance system and to ensure consistency between behaviors and strategies has a governance model based on the division of responsibilities and on a balanced relationship between management and control. In 2023, following the change of shareholders that took place in 2022, Cogne will review and align its sustainability strategy, objectives and governance and this process will be overseen by the Chief Executive Officer.

The Board of Directors analyses and approves the Sustainability Report, which serves annually to publicize Cogne's environmental, social and economic strategies and performance and that meets stakeholder expectations in this matter. The Sustainability Report is prepared by the Sustainability and Corporate Affairs Department, in collabora-



tion with all the several internal actors that manage material process, and that reports to the General Manager and the Chief Executive Officer. Top management reports to directors quarterly during the periodic meetings of the Board of Directors. For the integration and monitoring of ESG (Environment, Social, Governance) factors, from strategic planning to the management and monitoring of activities, the activities of the internal team already operational in 2021 continued in 2022, which includes all the Industrial and Staff Departments Head/representatives.

## COGNE GROUP

COGNE Group is made up of the following companies:

Cogne Stainless Bars SA, based in Switzerland which carries out its activity through cold working of the products of the parent company which it sells and distributes then both within the group and to third party customers.

Cogne Edelstahl GmbH, based in Germany; there subsidiary carries out its business from the two offices in Germany or from the headquarters of Neuss, where the legal and administrative headquarters are also located, and from the depot in the south of the country in Rudesberg.

Cogne UK LTD located in Great Britain and organized into operating divisions based on the type of products distributed and operates from the warehouse in Sheffield for distribution to wholesalers and end customers.

Cogne France S.A.; the subsidiary carries out its activity through the warehouses, where it is stored the goods intended for end customers of Eragny-Paris

and of Lyon, to closely follow the clientele located in the south of France. Metalinox Cogne Aços Inoxidáveis Especiais Ltda located in Brazil, deals with the distribution, throughout the national market, mainly of the products of the parent company made of stainless steel and has a warehouse for rent, in São Paulo. Cogne Hong Kong Ltd, owned by 100%, which it holds as a holding company, 100% of Dongguan shares Cogne Steel Products Co. Ltd, company operative site in China (Guangdong Province, Dongguan City and Changan Town) with manufacturing and sales activities stainless products on the local market e neighboring. Cogne Celik Sanayi ve Ticaret Limited, located in Türkiye in Istanbul, which operates through the distribution and sale on the market place of stainless products. Cogne Specialty Steel USA Inc., headquartered administration in Fairfield - New Jersey, which carries out distribution activities in the market US through localized deposits in Chicago - IL and Lyndhurst - NJ. Cogne Mexico, which is based in Citta del Mexico and aims to produce and sell stainless products in the local market. Cogne Acciai Speciali SpA also has a "branch office" (Cogne Asia) in Seoul, South Korea, used for sales development of the Group's products in the country ed operates through a rented warehouse in the Busan area.



# Governance tools

The governance of economic, environmental and social factors is managed through a structured and coordinated system of tools that ensure consistency with the mission, values and strategies of Cogne.

## CODE OF ETHICS

The Code of Ethics transposes the mission, vision and values of Cogne into conduct standards for all employees and for all those who work with and for the company. It is also the cornerstone of the organizational model aimed at preventing the crimes laid down by Legislative Decree 231/2001, including the offence of corruption.

Cogne is committed to promote awareness of the Code of Ethics to its employees and everyone who works for the it. To this end, employees were involved in training activities on the Code in 2022 and, following the update of the Code at the end of 2022, in 2023 dissemination activity will be ensured for all recipients, through the all the channels available, such as the company training center, the internal newsletter and the suppliers' portal. The Code of Ethics defines the gen-

eral conduct criteria regarding respect for laws, regulations and ethical principles, human rights and personal dignity, respect for and protection of the market, competition, and industrial property, protection of personal data, the correct use of technology and the computer system and environmental protection. The Code also regulates the criteria of conduct in relations with personnel – with specific reference to personnel policies, occupational health and safety, duties of employees, conflicts of interest and use of company assets – in relations with customers, suppliers, external collaborators, public institutions, public authorities and trade union organizations. Other specific rules of conduct concern management of promotional activities, sponsorships and gifts and whistleblowing.

Observation of the content of the Code of Ethics by all those who work on behalf of Cogne is fundamental for the smooth operation, reliability and reputation of the company. With regard to the external parties to whom the Code is addressed, Cogne is committed to introduce contractual clauses and/or to obtain signed declarations that formalize the acknowledgement, acceptance and compliance with the principles set out in the Code. Acceptance of the Code of Ethics is required by all suppliers from the offer stage, without the possibility of exceptions or amendments.

The Code of Ethics requires all employees and collaborators to undertake to report to the Super-

visory Body or their superiors, depending on their area of competence, any possible violation of the Code of Ethics or any request for infringement that has been addressed to them. Such reports can also be made anonymously with all the guarantees provided by the law on whistleblowing. The Supervisory Body shall ensure that those who have made the reports are not subjected to retaliation, discrimination or, in any case, penalization, whether direct or indirect, for reasons connected, directly or indirectly, to the report, thus ensuring the appropriate confidentiality. Cogne ensures the verification of each notice of breach of the Code of Ethics, received pursuant to the methods and through the channels specified by the Code, the assessment of the facts and the application of appropriate sanctions in case of breaches. In particular, it is the responsibility of the Supervisory Body to monitor, within the scope of its competence, compliance with the Code of Ethics, with a view to guarding against the risk of committing the offences envisaged by Legislative Decree 231/01 and formulate its own observations regarding alleged violations of the Code of Ethics of which it is aware, reporting any violations found to the competent company bodies. The Code of Ethics is available on the company website [www.cogne.com](http://www.cogne.com) in order to achieve maximum diffusion and understanding. In 2022, no report was made to the Supervisory Body of Cogne, relating to possible violations of Model 231, which could also involve violations of the Code of Ethics.

## ORGANISATIONAL MODEL D.LGS. 231/01

Cogne adopted Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (Model 231), which configure a structured and organic system of control activities and procedures to prevent, where possible, conduct that could constitute the commission of the crimes covered under the Legislative Decree 231/2001, as in the following table. The risk evaluation, used for the purposes of this mapping, is as follows:

- SPECIFIC risk: directly dependent on the activity carried out by CAS,
- RESIDUAL risk: associated with some Company activities,
- REMOTE risk: minimal, if not absent, compared to the reality of the Company

Predicate crimes (Legislative Decree 231/2001)	Applicability to Cogne
Offences related to relations with the Public Administration, such as corruption, incitement to corruption, undue induction to give or promise benefits, extortion, embezzlement to the detriment of the State, undue receipt of funds to the detriment of the State, fraud to the detriment of the State, aggravated fraud to obtain public funds and computer fraud to the detriment of the State	YES SPECIFIC
Cybercrimes and unlawful processing of data	YES RESIDUAL
Offences of organized crime, both on a transnational and national scale, such as, for example, criminal association, mafia-type association, also foreign, kidnapping for the purpose of extortion, induction to not make statements or to make false statements to the judicial authorities, personal aiding and abetting	NO REMOTE
Crimes against public faith such as forgery of money, public credit cards and revenue stamps, and instruments or signs of recognition	NO REMOTE

Predicate crimes (Legislative Decree 231/2001)	Applicability to Cogne
Crimes against industry and commerce such as disturbance of the freedom of industry or trade and fraud in the exercise of trade	NO REMOTE
Corporate offences such as, for example, false corporate communications, obstruction of control, unlawful distribution of profits and reserves, unlawful transactions on shares or quotas of the company or of the parent company, transactions to the detriment of creditors, failure to communicate conflicts of interest, bribery among private individuals, instigation of bribery among private individuals, unlawful influence on the meeting, market rigging, obstruction the exercise of the functions of public supervisory authorities	YES RESIDUAL
Corruption and incitement to corruption between private individuals	YES SPECIFIC
Crimes for the purpose of terrorism and subversion of democratic order provided for by the Penal Code and special laws	NO REMOTE
Offence of female genital mutilation practices	NO REMOTE
Crimes against the person such as trafficking in persons, reduction and maintenance in slavery and illicit intermediation and exploitation of labor	NO REMOTE
Market abuse insider dealing and market manipulation	NO REMOTE
Crimes relating to health and safety in the workplace such as manslaughter and grievous bodily harm	YES SPECIFIC
Crimes of receiving stolen goods, money laundering, utilization of money, good or benefits of unlawful origin, as well as self-laundering	YES RESIDUAL
Crimes in regarding non-cash payment instruments transactions	NO REMOTE
Copyright infringement crimes	NO REMOTE
Crimes of induction to not make statements or to make false statements to the judicial authority	NO REMOTE
Environmental offences such as environmental pollution, environmental disaster, negligent offences against the environment, trafficking and abandonment of highly radioactive material, offences against protected animal or plant species, destruction or deterioration of habitats within protected sites, offences relating to atmospheric emissions, management of wastewater discharges, waste management, activities organized for the illegal trafficking of waste	YES SPECIFIC
Crimes of employing third country citizens staying illegally	YES RESIDUAL
Racism and xenophobia	NO REMOTE
Fraud in sports competitions, abusive exercise of gambling or betting and games of chance	SÌ RESIDUALE

Predicate crimes (Legislative Decree 231/2001)	Applicability to Cogne
exercised by means of prohibited devices	NO REMOTE
Tax offences such as fraudulent declaration through the use of invoices or other documents for nonexistent transactions	YES RESIDU-AL
Smuggling crimes	YES RESIDU-AL
Crimes against cultural heritage	NO REMOTE
Crimes of utilization of cultural assets of unlawful origin and devastation and looting of cultural and landscape heritage assets	NO REMOTE

The adequacy, effectiveness and suitability of the Model 231, of which the Code of Ethics is an integral part, is monitored by the Supervisory Body. In 2022, the process of revising and updating the 231 Model was done by the Supervisory Board in order to ensure its constant consistency over time with the organizational changes that have taken place and its effectiveness in relation to the introduction of new criminal offences by the legislator. The revision of the Model was carried out according to the risk self-assessment methodology, which consists in the identification of the processes, sub-processes or company activities at risk of 231 crime, with assessment of the potential risk, of the level control and any actions for the improvement of the same. The Supervisory Body submitted the updated Model 231 to the Board of Directors that approved documents during the meeting held November 22<sup>nd</sup> 2022.

The company then published the updated Model on the on the Company Intranet, informing all employees that they are required to consult the Model and adopt behaviors that comply with its provisions.

Each recipient of the Model 231 is required to report any breaches or suspected breaches of the Code of Ethics, or the control principles outlined in the Model. Furthermore the company adopted, in 2019 a procedure for handling reports also to the Ethics Committee, that works along with the Supervisory Body of the Model 231, that receives

all communications anonymously or non-anonymously and forward those that concern Legislative Decree 231/2001 matters to the Supervisory Body. The whistleblowing IT tool is managed by external company to insure complete confidentiality to the whistleblower.

Any reports received from internal and external parties during the period about alleged breaches of the Model or Code of Ethics are discussed in the Supervisory Body's annual report to the BoD. In 2022, no report was made to the Ethics Committee of Cogne.

# Corruption prevention

In the performance of its activities, Cogne manage relations with the Public Administrations and with third parties, regulated by the principles established by the Code of Ethics and the Model 231, which provide the guidelines and codes of conduct that aim to prevent, insofar as possible, the commission of the crimes relevant under the Decree itself, including the crime of corruption. Company processes are also regulated by specific procedures

defining roles, responsibilities and methods of control, establishing the traceability of processes and the clarity of authorizations to ensure transparency and honesty in the company's activities.

Furthermore, in 2022 the BoD approved a specific Anti bribery policy as first step of implementing a management system ISO37001. An external anti bribery responsible for also designated to develop the system along with the internal company department involved.

# Whistleblowing Policy

The Whistleblowing Policy is an integral part of the system internal control of COGNE. It's revolt to employees and stakeholders and is accessible through a special portal through the Company's website. The Policy governs the methods of reporting of violations, of suspicions violations and inducements to violations in matter of laws and regulations, principles en-

shrined in the Code of Ethics, in addition to any commission or omission that can directly or indirectly determine an economic-patrimonial damage, or even image, for the Group and/or its companies). In the reporting period no reports were received.

# Protection of human rights

Attention to and respect of individuals are issues that Cogne places at the heart of its growth and the sustainable development. The company operates in Italy, where a complex system of laws contributes to preventing the risk of human rights violations. Nevertheless, Cogne considers the UN Universal Declaration of Human Rights, the International Labour Conventions and Recommendations issued by the ILO (International Labour Organization) and the UN Sustainable Development Goals, to be essential points in defining its values.

Acknowledging the absolute value of the fundamental principles of the Constitution of the Italian Republic, Cogne, in its own Code of Ethics, considers respect for the dignity of people and the condemnation of any discrimination – trade union, political, religious, racial, language or gender discrimination – as central, with the promotion of an inclusive culture at all levels.

These principles – set out in the Code of Ethics – are aimed at fighting any violation of human rights, result in the refusal of any form of forced labour or employment of irregular personnel, to enter into negotiations or to confer positions that may offend or which are contrary to the fundamental principles underlying respect for human dignity and commitment not to collaborate with partners who violate these principles, with particular reference to the exploitation of child labour and the protection of the primary guarantees of each worker.

Cogne's respect for human rights is always a fundamental prerequisite for correct business activity, which is reflected in our scrupulous compliance with the law and contract regulations, with the provisions of the Model 231 and the Code of Ethics, as well as in our constant discussion with Trade Unions and its suppliers. In 2022 Cogne did not record any violations for discriminatory practices.

## **CERTIFIED MANAGEMENT SYSTEMS**

Cogne is committed to offer its customers service efficiency, effectiveness, economic convenience, and high quality, operating with expertise and professionalism in full respect of the environment and safety, contributing to the well-being of its personnel and the community.

For this reason, over the years, Cogne has developed standalone certified management systems in the areas of Quality, Safety and Environment, with the aim to provide a management framework to improve the company's quality, safety and environmental per-

performances and do so in line with socio-economic requirements.

The values of Cogne are expressed in the Quality, Occupational Health, Environment and Safety and Major Accidents Prevention Policy, which is acknowledged and shared by all personnel.

Cogne's focus on customers and process quality is confirmed by the possession of the following certifications:

- Quality Management System ISO 9001:2015
- Environmental Management System ISO 14001:2015
- Occupational Health and Safety Management System ISO 45001:2018
- Quality Management System for the aeronautical industry, space and defence EN 9100:2018 AS9100D JISQ 9100:2016
- Accreditation Certificate ISO/IEC 17025:2017 - Testing Laboratory
- Quality system certificate ASME
- Quality Management System for steel products for the automotive sector: wire rod and wire, rolled, peeled and ground bars IATF 16949:2016
- Accreditation Certificate Nadcap – Heat Treating
- Qualification Certificate 003/21-ca - hot rolled reinforcing steel.
- Quality Assurance System in accordance with the Pressure Equipment (Safety) Regulation 2016/1105, Schedule 2, Part. 4, Para. 31 (8) as well as EN 764-5, Para. 4.2
- Quality Management System Certification Cares UK - Production of hot rolled and cold rolled plain and

ribbed stainless steel bar and coil for the reinforcement of concrete

- BS EN ISO 9001: 2015
- Bureau Veritas - Approval certificate for materials - stainless steel rolled products - hot rolled round bars in steel grades 1.4418 and 1.4404
- Material appraisal certificate according to Annex I § 4.3 Directive 2014 /68/EU (PED) –ferritic, martensitic and precipitation hardening, austenitic and austenitic-ferritic stainless steels in round or hexagonal section bars

The Quality management system is overseen by the Quality Director and the Safety and Environment management systems are managed by the HSE Department and overseen by the Industrial Director of Cogne. All the audits carried out by the Certification Bodies in 2022 were concluded with a positive outcome and confirmed the maintenance of the Certifications held. During the year, the Energy Management & Procurement Department, overseen by Maintenance & Investments Director, implemented all activities necessary to gain ISO 50001 certification. The certification of the Aosta site is expected in 2023.

The achievement and maintenance of voluntary certificates evidence Cogne's commitment to sustainability, particularly through the protection of the environment, the rational use of natural resources and energy, full compliance with legislation, raising awareness amongst its customers and suppliers. In order to ensure sustainable company growth based on the principle of continuous improvement, resources were employed for:

- the adoption of the best plant technologies to guarantee a reduced environmental impact;
- the improvement of the use of water resources, in terms of withdrawal, use, release and discharge;
- the spread of information on the impacts on the external environment through specific publications, such as the Sustainability Report.

From a management point of view, to reduce the environmental impact of activities, particular importance was given to:

- compliance with administrative obligations, with regard to the monitoring and control activities associated with the Integrated Environmental Authorisations and the emission of greenhouse gases (Emission Trading System).
- monitoring environmental performance through the use of indicators for significant environmental aspects;
- analytically control of impacts on the environment, with particular reference to atmospheric emissions, air quality, water discharges and waste.





# **MATERIALITY ANALYSIS**

Cogne, in order to determine its own material topics relating to its organization, has identified the impacts and material topics relating to its activities. The materiality analysis was updated according to the GRI 2021 standard, which provides for carrying out the materiality analysis starting from the definition of the impacts, to which the material topics are then associated.

The process of identifying impacts and material topics is developed in several phases:

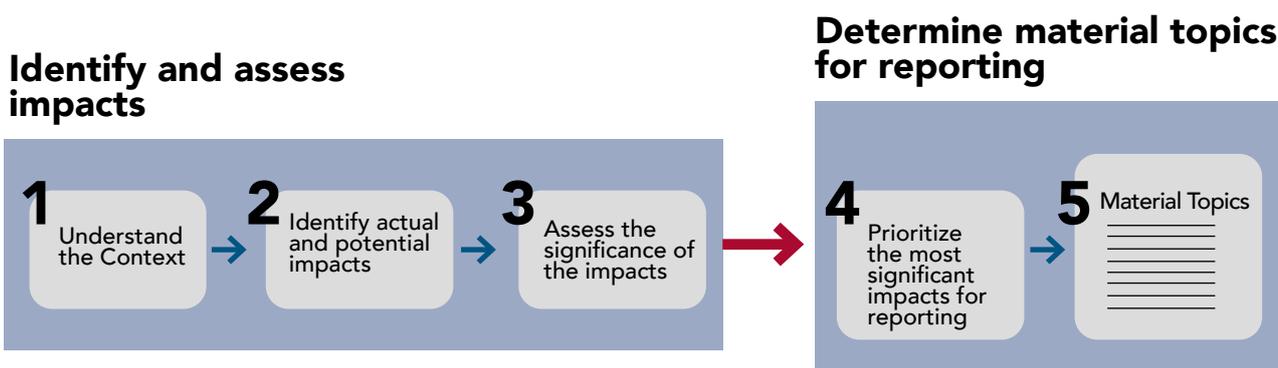
1 - analysis of the context in which the company operates.

The context analysis took into consideration different types of information and categories of sources, both internal and external to the company, including the main international sustainability reporting standards, industry reports produced by national trade associations and international relations relating to the steel sector as well as the legislation, in force or in the process of being issued, which exerts legislative pressure at the Community level regarding the implementation and strategies, particularly on the European territory. The reports published by competitors and customers operating in the steel sector and articles appearing in the media concerning the company were then evaluated.

2 - identification of the current and potential impacts that one's activities may have on the economic environment and people and definition of whether these impacts are or can be positive or negative. An impact is the effect that the organization has or could have on the economy, the environment and people, including their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development. An impact is effective if its effects have already occurred while it is potential if its effect could occur but has not yet occurred. Positive impacts are those that contribute to sustainable development while negative impacts are those that cause harm to people, the community and the environment and therefore do not contribute to sustainable development. By cross-referencing the categories that emerged through the mapping of the impacts potentially applicable to the sectors and the corporate context and the analysis of the documentation, the relevant impacts emerged.

3 - The impact assessment was carried out for the actual impacts based on the severity and for the potential impacts based on both the severity and the probability of occurrence. The severity of an impact is determined on a scale that evaluates the severity of the impact with respect to the external context in which it occurs, how widespread it is and can be measured in terms of the value chain and the irremediable character or how difficult it can be counteract or remedy the resulting damage. The probability that an impact will occur can be measured in a qualitative or quantitative way and considers the mitigation measures adopted by the company. The impact significance scale identifies impacts of low significance, significance or high significance.

4 - The prioritization of the impacts was carried out by Cogne through a specific workshop which involved all company managers and first reports who, on the basis of experience, classified the impacts that emerged from the analysis of the context based on their significance. The outcome of the prioritization made it possible to define the materiality threshold and to define the scale of relevance (less relevant/relevant/very relevant). The most significant impacts are the basis for identifying the material topics reported in the Sustainability Report.



5 - The material topics of Cogne Acciai Speciali SpA are:

Material Topic	Relevant Impact		GRI Disclosu-re
Energy and Climate Change	<u>Greenhouse gas emissions</u> The procurement of raw materials and the transport of materials and finished products generates significant direct emissions of greenhouse gases (GHG). Steelmaking is an energy-intensive activity.	Actual Negative Impact with High Probability	305 – Emissions 302 - Energy
Health and safety of employees	<u>Risk to the health and safety of workers</u> The lack of policies and procedures aimed at safeguarding health and safety could expose employees to risks to their health and safety.	Actual Negative Impact with High Probability	403 – Health and Safety at Work
Water Management	<u>Water pollution</u> The use of water in the extraction of raw materials and production phases can pollute the wastewater with heavy and non-heavy metals, causing a potential danger to the environment.	Actual Negative Impact with High Probability	303 – Water and Effluents
	<u>Impoverishment of the water resource</u> The raw material extraction requires the use of large volumes of water for dust suppression, process cooling and material separation. Cogne consumes water for its cooling systems.	Actual Negative Impact with High Probability	
Air quality	<u>Air pollution</u> Steel production generates basic and hazardous pollutants and volatile organic compounds (VOCs), which can have a significant impact on local public health. Particularly relevant are sulfur oxides, nitrogen dioxide, lead, carbon monoxide and manganese, as well as particles such as soot and dust, which are released during the manufacturing process.	Actual Negative Impact with High Probability	305 – Emissions

Material Topic	Relevant Impact		GRI Disclosu-re
Consumption of raw materials	<u>Consumption of raw materials</u> The production of steel requires the use of large quantities of raw materials, both of recycled and virgin origin, as well as the use of accessory materials and products for the production phase.	Actual Negative Impact with High Probability	301 - Materials
Waste Management	<u>Waste production</u> The extraction of raw materials and steel production can generate waste which, if not properly managed, poses a risk to the environment	Actual Negative Impact with High Probability	306 – Water Effluents and Waste
	<u>Recyclability of materials</u> The use of SRM as the main raw materials leads Cogne to lengthen the life cycle of each product.	Actual Positive Impact with High Probability	Non GRI
Soil and subsoil quality	<u>Soil Pollution</u> The use and storage of chemicals and fuels can impact soil quality on site and in surrounding areas as a result of leaks and spills. The information and training activities carried out by Cogne provide employees with instructions on how to carefully manage substances that could lead to soil contamination.	Actual Negative Impact with High Probability	Non GRI
Development of employees' skills	<u>Development of specific sector skills</u> Cogne has developed the COGNE ACADEMY over the years, which allows internal and external information and technical and professional training.	Actual Positive Impact with High Probability	404 – Training and Education
Stable working relationships	<u>Generation and consolidation of stable working relationships</u> The company supports equal opportunity by ensuring that employment decisions are made without regard to race, creed, gender, disability, citizenship or sexual orientation. Remuneration is based on the tasks assigned, personal performance, skills and behavior of each person. Failure to build a good relationship with unions can have a negative impact on the company and on employee-employer relations.	Potential Positive Impact with high probability	407 – Freedom of association and collective bargaining 401 – Employment
Protection of human rights	<u>Violation of human or labor rights</u> The lack of policies and procedures aimed at protecting workers' rights could generate negative impacts on the value chain. Cogne respects the human rights of its employees and the communities in which it operates and is committed to promoting them with its suppliers.	Potential negative impact and with medium probability	402 – relationship between workers and management 405 – Diversity and Equal Opportunity 406 - 1 – Non-discrimination 409 – forced or compulsory labour

Material Topic	Relevant Impact		GRI Disclosu-re
Compliance with regulations and standards	<u>Violation of regulations and standards</u> Any conduct in contrast with laws and regulations on environmental, social and governance issues, including issues of corruption and business ethics, can have an impact both on the market in which the company operates and on the stakeholders associated with its activities.	Potential negative impact and with medium probability	204 – procurement practices 205 – anti-corruption 206 – anti-competitive behavior
Supply Chain value	<u>Supply Chain Value</u> Cogne’s business generates economic value in its value chain.	Potential Positive Impact with high probability	201 – Economic Performance

Following prioritisation, the following topics obtained a final score lower than the materiality limit and are classified as not very relevant

Non-material Topic	Impact	
Protection of Biodiversity	<u>Biodiversity degradation</u> The phase of extraction of raw materials and the increase in global demand for resources threaten biodiversity in areas more and more remote. Cogne’s procurement policy prioritizes activities that respect wildlife habitats in and around company sites	Potential negative impact and with medium probability
Noise protection	<u>Noise pollution.</u> Production activities can generate an acoustic impact in the surrounding external areas. In order to improve the noise situation, all new operational plants are designed to meet site-specific technical criteria. Furthermore, many plants of the Aosta plant have emission containment systems and the design phases of additional soundproofing systems are currently underway	Potential negative impact and with medium probability
Protection of Diversity	<u>Discrimination in the workplace</u> The business activity must be carried out with respect for diversity and the guarantee of equal opportunities for all employees. The company must correctly assess and deal with the risk of incurring episodes of discrimination in the workplace and in the selection of suppliers.	Potential and high probability negative impact

# Stakeholder engagement

In order to maintain a continuous dialogue with stakeholders on sustainability issues, in 2022, Cogne continued to meet the different stakeholders, thought specific meetings, participating in seminars and conferences and with specific publications.

To ensure broad and transparent information, every year the Sustainability Report is presented to stakeholders and published on the company website, either in Italian and English. Also in 2022, Cogne managed internal and external communication activities to explore the commitment put in place to ensure environmental, social and economic sustainability.

Stakeholders	Key Topics	Engagement Initiatives
Shareholders and Financial Institutions	Corporate Governance Transparent communications M&A transactions Economic/financial results Sustainable growth strategies	Communication of results and possible future risks Shareholders' Meeting Participations in round tables and events Code of Ethics Materiality analysis
Customers	Quality and reliability of products Transparent communications Credit management Sustainable development	Back offices and support Website and social media Customer satisfaction surveys Code of Ethics Materiality analysis

Stakeholders	Key Topics	Engagement Initiatives
Environment	Water saving Circular Economy Emissions Energy saving Waste management Environmental, social and economic sustainability	Use of renewable energy sources Energy savings and efficiency District heating support Reduction of waste produced Reduction of water use Reduction of emissions Biodiversity Awareness Code of Ethics Materiality analysis
People	Health and Safety Enhancement of skills Remuneration Training Internal communication Welfare	Technical and soft skills assessment, training and development Work Life Balance Corporate Welfare program Initiatives for employees and families On-boarding program Smart Working Industrial relations Code of Ethics Materiality analysis
Suppliers	Supply chain management Transparent communications Contractual conditions Payments	Procurement portal and Supplier Register Code of Ethics Materiality analysis
Institutions and the Community (citizens, Local and National Authorities)	Attention to the local area Dialogue and involvement Creation of value for the local areas Transparent communications Investments and support for local initiatives Sustainable development	Participation in meetings with Institutions Collaboration in projects by Institutions Conferences, seminars and workshops Plant visits Code of Ethics Materiality analysis
Future Generations (school and university)	Circular Economy Decarbonization of production processes Reduction of impacts Climate change Sustainable development	Guided tours Activation of apprenticeship and recruitment paths with Technical Institutes Materiality analysis

## RELATIONS WITH SHAREHOLDERS AND FINANCIAL INSTITUTIONS

Cogne has relations with leading Italian and international credit institutions in order to research the most suitable forms of financing for its needs and the best market conditions, implementing a management model focused on the resources and financial risk management with the objective of financial optimization. The sustainability of the financial profile has always been a strategic element for the Company. In 2022 there were no instances of fines or penalties for failure to comply with the regulations and laws for financial institutions.

## RELATIONS WITH PUBLIC AUTHORITIES AND INSTITUTIONS

As also indicated in its Code of Ethics, Cogne actively and fully cooperates with the Public Authorities, pursuing the objectives indicated by the relevant Public Institutions and Authorities. These are actions that Cogne pursues, combining them with its mission and with the need for managerial and organizational autonomy shared by all economic operators. The control of relations with institutional subjects is defined by an organizational model that assigns competences and responsibilities to the reference company structures. In particular, the Chief Executive Officer and the General Director oversee top-level relations at an institutional level, especially with international, national and local entities, in order to represent Cogne needs and proposals, in agreement with the relevant Departments and Business Units. The relevant department are responsible for handling the relation with authorities in the case of inspections, under the supervision of the Department Manager or Director.

# Contributions to political institutions and parties

Cogne's Code of Ethics explicitly states, in paragraph 18.1, that: "Cogne Acciai Speciali SpA does not make contributions of any kind, directly or indirectly, to political parties, movements, committees and political and trade union organizations and to their representatives and candidates except in the forms and ways provided for by current legislation". The company collaborates with Institutions for specific projects that specifically contribute to the economic, social and environmental sustainability of the areas around the plant. These collaborations, however, are always implemented on the basis of clear documentation for the use of resources and refers to the Institution such as Comune di Aosta and not to the political institution connected to it.

# Associations and networks of which the Company is a member

Cogne has chosen associative participation, which aims to put experience and knowledge at the service of companies and organizations that share a common path of sustainability and responsibility. Participation in networks and associations is focused on continuous updating, on information and comparison meetings to promote strategic issues, stimulating targeted and incisive intervention proposals and policies. The monitoring, analysis and comparison of emerging trends and regulatory issues are of great importance for the most correct and up-to-date understanding of the reference framework in which the company operates. In particular, membership of associations and networks at national level, in line with objective 17 of the United Nations Agenda 2030 "to promote partnerships for sustainable development", is of great importance to Cogne, both in terms of attention to sustainability policies and in terms of regulatory and technological updates.

Association	Description
Confindustria	The leading organization representing manufacturing and service companies within Italy that is tasked with contributing to the economic growth and social advancement of the country, alongside political institutions, and economic, social and cultural organizations.
FederAcciai	Federacciai is the Federation of the Italian Steel Companies and is part of Confindustria. The aim of Federacciai is to safeguard companies' interests, to support them and to favour contacts among the firms which produce, transform and distribute steel and related products, promoting industrial policies supporting the industry focusing on economics, politics and on techno-scientific issues.
AIM – Associazione Italiana Metallurgia	Non-profit cultural body organization aimed at spreading the diffusion of the science and technology of metallic materials and other materials for engineering.

Association	Description
AICQ – Associazione Italiana Cultura Qualità	Non-profit association, which aims to spread the Culture of Quality and the methods for planning, building, controlling and certifying the Quality of products, services and organizations.
Worldstainless Association	<p>Worldstainless is a not-for-profit research and development association to sustain stainless steels. Worldstainless has six working committees:</p> <p>Committee on Market Development - Promotion and market development by promoting stainless steel and its potential applications to decision makers.</p> <p>Committee on Health and Safety - Health concerns is one of the most pressing issues facing the world today. The Committee collects and spreads information on safety in the industry.</p> <p>Committee on Sustainability - Climate Change is a very important part of environmental protection and the objective of the committee is to reduce emissions by higher process efficiency, more recycling and a growing usage of durable (no corrosion), high strength (low weight) stainless steels.</p> <p>Committee on Economics and Statistics - worldstainless collects detailed economic and statistical data on the stainless steel sector.</p> <p>Committee on Long Products - The Long Products Committee focuses on product-specific issues. This includes market statistics and market development activities for long products.</p> <p>Committee on Raw Materials - The Raw Materials Committee studies mega-trends and developments in the markets for stainless steel raw materials relating to the availability and quality of raw materials for the production of stainless steel.</p>
WorldSteel	Worldsteel is the industry associations in the world, with members in every major steel-producing country. worldsteel represents steel producers, national and regional steel industry associations, and steel research institutes. The main goals are amongst other to act as the focal point for the steel industry providing global leadership on all major strategic issues impacting the industry, particularly focusing on economic, environmental and social sustainability and Deliver benchmarking analysis and drive global improvement initiatives in the areas of environmental protection, technology, safety and people development
ResponsibleSteel	Not-for-profit organization, that is also the steel industry's first global multi-stakeholder standard and certification initiative.



# Media relations

In 2022, Cogne recorded the growth of its presence in the media, both traditional and innovative, with a proactive model of relations with the media and timely support for the values and growth of the Company. A great deal of space was dedicated to the acquisition by Walsin Lihwa Corp and related Company development but other themes such as Cogne Academy as well as other activities carried out by the Company. A specific activity such as “Oltre il Muro” was realized in collaboration with RAI (see also Beyond the wall - a special project in collaboration with RAI). These results have been achieved thanks to the consolidation of the activities of the Public Relations Department. The aim is give stakeholders greater knowledge and visibility on the Company activities and objectives.

## ESG RATING

Cogne’s choice to place sustainability at the core of its development is confirmed in its Business Plan and in the Investment Plan that have been confirmed by the new shareholder Walsin Lihwa. Circular economy, water resources, decarbonization and people are at the core of the company strategic development and for the years 30% of the total organic investments will be allocated

for sustainable projects. This tangible commitment confirms the desire to merge Cogne’s development with that of the communities, local areas and the environment. ESG ratings are considered a strategic tool to support investors and identify risks and opportunities regarding sustainability within their investment portfolio, contributing to the development of active and passive sustainable

investment strategies. Cogne performance and strategy has been evaluated by a leading rating agency in Italy, that provides credit rating services as well as ESG assessments and ratings. The work of its analytical team specialized in the ESG field, the Agency issued a rating of the degree of sustainability of Cogne.



**STAINLESS  
STEEL: THE  
SUSTAINABLE  
RAW  
MATERIAL**



Going green and ensuring the highest sustainability with the world's energy resources is a growing necessity. Sustainability awareness remains a major factor for companies and their Customers and there's a growing need to cut on carbon footprint at all levels. For these reasons, industries across the world constantly look for new ways to keep their final products green, sustainable and environmentally friendly.

## WHAT IS STAINLESS STEEL?

Stainless steel is an exceptionally adaptable material that, contrary to what most people believe, doesn't refer to one particular alloy. Rather, it refers to a range of iron-based alloys containing at least 10.5 percent of chromium that allows to enhance the metals' resistance to corrosion, strength, and other properties additional elements.

Molybdenum and nickel are usually integrated in the alloy to improve its strength, heighten its heat resistance and expand its manufacturing characteristics and formability. Stainless steel has modernized industries like transportation, construction and also aerospace. Its vast characteristics make life easier in ways we don't even think about.

The corrosion resistance gives it its 'stainless' moniker and originate from the chromium content which forms an invisible layer on the alloy surface that protects the metal from corrosion or rusting. This oxide layer is what prevents oxygen from reaching the inner surface.

There are many grades of stainless steel, each with their own unique properties that make this product such a great fit for so many final uses.

But this is not all! One of the best characteristics about stainless steel is that stainless steel is 100% recyclable into the same product, with no reduction in quality. Among the most used green raw material is stainless steel. In fact, more than half of all the stainless steel materials that are in use today have been sourced from scrap materials. What's more, its production does not produce toxic run-off. Individuals and business entities can make a huge difference by simply going for stainless steel rather than other non-recyclable raw materials. In 2022 we used over 135.000 tons of scrap, down 14% from 2021 despite production in the steel shop increased by 3%. Efficiency in material use and yield allowed to reduce our impact on the use of resources.

Stainless steel is mainly associated with heavy-duty applications, and this leads to the assumption that the metal's manufacturing process and its use can possibly negatively impact the environment. While it may be hard

to conceptualize the idea, stainless steel is the ultimate green raw material that can enhance the fight against the climate change crisis.

The production process is slavishly controlled and the final product is durable and corrosion-resistant with lower maintenance costs. This limits the need to produce steel from raw materials, therefore facilitating the achievement of global sustainability goals concerning the use of resources.

The best way to contribute to the world's sustainability goals is to acquire stainless steel products.





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# **PRODUCTS AND SECTORS**

# Our products

Billets are transformed in the rolling mill in wire rod coils, that can be represented to the layman as a big coil of steel wire about 6 kilometers long. While processing the steel, the rolling mill can reach a speed 250 km/h, as fast as a high-speed train. Hot rolled wire rod coils have a diameter that goes from 5.5 to 32 mm and its section can be round or hexagonal with a smooth surface. Our wire rod undergoes further processing, and the main applications are moulding, drawing into bars or wire or use for reinforced concrete.

We also manufacture stainless steel bars that have a diameter from 3 to 1200 mm and length from 3000 to 6200 mm with round, hexagonal or square section. The bars can be turned, cold-drawn, hot-drawn, rolled and peeled, among other processes.

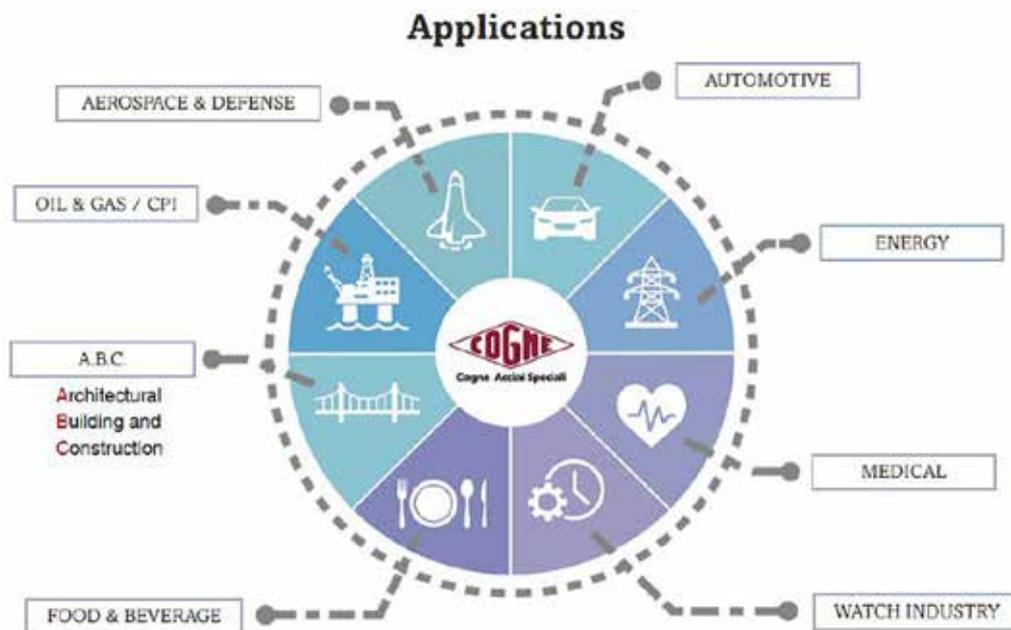
Semi-finished products include ingots (weighing 2 to 70 tonnes), blooms, semi-finished square or rectangular cross-section products that can be either forged (180 to 600 mm) or rolled (130 to 300 mm). We also manufacture billets that are rolled semi-finished square or cross-section products (50

to 120 mm). Our semi-finished products are intended for the moulding, forging and hot extrusion.

We also cater our customers special products that we design and manufacture to customer drawings and include spindles, rolling cylinders, axles for train and special product for suspended bridges.

No major changes have been made in 2022 to sectors, to the value chain and to other business relations of Cogne Acciai Speciali SpA, such as the opening, closing or expansion of production sites, changes in the structure of the supply chain of the company or to its relationships with suppliers or changes in the suppliers' locations.

# End-use Sectors



Automotive –This sector has been influenced by the need to identify solutions to limit consumption and harmful emissions into the atmosphere and reduce dependence from fossil fuels. These two aims has been added to the many demands of the automotive industry in terms of quality and very high performance in the supply chain. Over time, our skills and competences have allowed us to establish ourselves as a qualified supplier and our products are able to comply with the stringent quality requirements of the automotive industry.

Aerospace & Defence – Since 2017 our products are also made for the aeronautical, space and defense sector in compliance with standard EN 9100. In addition, we are featured on the Online Aerospace Supplier Information System AQG-OASIS platform, a database used by the aerospace community for the retrieval of reliable information and certification of aerospace suppliers. The OASIS database

allows aerospace operators to verify that we are officially certified to operate according to standard EN 9100.

Oil & Gas / CPI – In the oil and gas industry, our stainless-steel products are used for cryogenic or high temperature applications. Typically, the applications of stainless steel products in the Oil&Gas sector are for refining and storage plants, chemical plants and connection lines and oil and natural gas distribution networks, also known as pipelines. Furthermore, chemical and petrochemical markets use hazardous organic acids and solvents. As our products are resistant to corrosion from chemical agents, we are able realize applications in these industrial sectors as well, whether on plant lines and on control and regulation systems and devices.

Energy – The energy sector is certainly one of the key sectors for the development of new technologies and applications and never before could it contribute to the fight against climate change as much as now. Our support for the production of green energy is also provided through our products which can be used in hydroelectric power plants for turbine couplings, fittings and valves or even in water diversion systems. Stainless steel can also be used in solar power plants for photovoltaic panel support structures, in mirror aiming systems and also in dry air supply and cooling lines. In wind power plants stainless steel can be used in wind turbine blade control and positioning systems and in energy applications in the sea stainless steel is indispensable for the construction of machines because of its intrinsic resistance to corrosion.

Medical – The pharmaceutical and medical industry requires the materials used to have high levels of purity and cleanliness. Our products are used in the medical industry because they intrinsically possess the required characteristics: ease of cleaning and sterilization, corrosion resistance and lack of deterioration.

ABC – Our steel is synonymous with quality, guaranteed by traceability and product control. Quality, is above all a guarantee of performance over time and consequently of durability, is an issue of great importance in the field of infrastructure because it is linked to maintenance costs. Stainless steel usage enables sustainable development and economic management of infrastructures, also because Cogne steel is resistance to damage caused by atmospheric agents, which postpones and reduces infrastructure maintenance.

Food & Beverage – Like the pharmaceutical sector, the food sector is a critical sector because it directly affects people's health; stainless steel is the ideal material for food applications because it is not susceptible to corrosion caused by acidic food and drinks, it does not affect the organoleptic properties or the coloring of food, it is easy to clean and guarantees maximum hygiene during the production and processing phases. Cogne steel is ideal for the applications our customers use for the end products, including processing, storage and distribution and for domestic use.

Watch Industry - The demand for stainless steel has seen substantial growth also in the luxury business. Stainless steel is now used in accessories and watches, from wall clocks to the smart watches that you wear every day.



## Relations with customers

The customer is at the center of the attention and daily work of Cogne. Customer satisfaction, together with a high-quality level of service, are pillars that support Cogne's growth strategies. In relations with customers, Cogne has transformed its role from a simple supplier to an expert in innovative products, adopting a relationship model that evolves over time and adapts to different markets and end-users, offering personalized solutions.

Customers (no. % sales per area)	2020		2021		2022	
	No	% €	No	% €	No	% €
Italy	1.113	28%	1.150	24%	1.150	26%
EU 27 + Europe	190	49%	185	56%	200	54%
Asia	49	13%	53	10%	55	8%
North America	4	4%	6	4%	5	5%
Central America and Caribbean	7	3%	6	3%	8	4%
South America	4	3%	5	3%	4	3%
Africa	5	1%	3	1%	6	1%
Oceania	-	0%	1	0%	-	0%
<b>Total Customers no. and % sales per area</b>	<b>1.372</b>	<b>100%</b>	<b>1.409</b>	<b>100%</b>	<b>1.428</b>	<b>100%</b>

# Marketing and Fairs

In 2022, the communication strategies identified as part of the social media project were consolidated, focusing on brand awareness in order to support the promotion of our products. Integral part of our strategy is the participation of fairs and events to develop our presence in the reference markets such as Aerospace, Automotive and Oil&Gas

## WIRE

### Dusseldorf – Germany

Exhibition area: 25,959 m<sup>2</sup>

Exhibitors: over 1,058 from more than 52 countries

Visitors: 42,998 from over 143 countries

The Wire fair in Düsseldorf is the reference event for manufacturers of wire rod, cables and wires, as well as accessories, raw materials, manufacturers of small mechanical parts, control and measurement technologies.

The participation of Cogne Acciai Speciali, in particular for the 2022 edition - the first post-pandemic – aimed to consolidate our markets and products (Automotive and Oil&Gas, Bars and Wire Rod) and to increase our presence on the new Aerospace market: following the quality certifications obtained (EN9100 UNAVIACERT and NADCAP). For the eighth time, CAS participated to the most important event in its sector, both at Euro-



pean and worldwide level. As in previous years, we designed an highly customized area, covering over 200 square meters, equipped, among other things, with meeting rooms and a refreshment point with an internal kitchen. Despite some restrictions still in place to deal with the pandemic, the numbers of the 2022 edition confirmed the Wire as a reference event for the sector with over 42.900 visitors from over 143 countries and 1.058 exhibitors from 52 countries.

## SECTOR - AEROSPACE

### **AEROMART TOULOUSE INTERNATIONAL BUSINESS CONVENTION FOR THE AEROSPACE INDUSTRY**

**Toulouse – France**



The Aeromart exhibition in Toulouse has reached its fourteenth edition, confirming itself as the reference matchmaking event for the aerospace and defense industry in Europe. Cogné, with the other 1.500 participating companies, had the opportunity to meet, build targeted business relationships and develop new projects with partners from all over the world. AeromartTLS connects OEMs and their Tier 1 and 2 suppliers with Civil Aviation and Defense manufacturers and service providers, through a series of personalized one-to-one meetings. Cogné participated with its own exhibition area that welcomed totally over 3.000 visitors from 45 countries.

### **AEROSPACE & DEFENSE SUPPLIER SUMMIT**

**Seattle – USA**

With more than 1.200 visitor from over 25 countries the Aerospace & Defense Supplier Summit is a supply chain event that brings together key players in the aerospace and defense industry. Hundreds of companies from all over the United States and the rest of the world flocked to Seattle for this sixth edition. After 2020 postponed due to covid and the virtual edition in 2021, there was a lot of anticipation for the return in the presence of the initiative.



### **FARNBOROUGH INTERNATIONAL AIRSHOW**

**Farnborough - Great Britain**

More than 1.500 companies from 96 countries participated to the Farnborough International Airshow (FIA) that offered to over 80.000 visitors from 143 countries a range of new business and networking opportunities for its au-

dience. FIA created the environment where the visitor can connect with key aerospace players, such as Cogne, to make new contacts, gain insight into trends and experience cutting-edge technology.



## **INTERNATIONAL BUSINESS CONVENTION FOR THE AEROSPACE INDUSTRY**

**Casablanca – Morocco**

Morocco's aerospace industry has allowed the country to grow from an economic point of view, offering important advantages in terms of competitiveness. Aerospace is now well established in the area and thus attracts important international players and consequently investments. Specifically, today Morocco boasts innovative factories and qualified human resources, as well as a strategic position that makes it one of the preferred destinations for the main leaders in the sector. Specifically, there is a solid experience in the production of parts and subassemblies for engines and aircraft, machined and sheet metal parts, internal equipment, composite parts, electrical wiring, components in general, engineering, special processes, final assembly and testing. Major OEMs such as Boeing, Airbus, Pilatus

and Bombardier use production from this area, taking advantage of the local supply chain. The International Business Convention scored more than 650 visitors from over 20 countries and CAS participated with its own exhibition area and held b2b meetings, some of which continued as commercial contacts and which could lead to new orders.

## **SECTOR - OIL&GAS**

### **IVS – INDUSTRIAL VALVE SUMMIT**

**Bergamo – Italy**

The IVS - Industrial Valve Summit, at its fourth edition is aimed at the industrial valve product market for the Oil&Gas sector, which represents one of the most important markets for Cogne.

The initiative is mainly aimed at operators on the European market and offers the possibility of strengthening existing commercial relationships as well as establishing new business contacts, even in different sectors such as Aerospace for example. More than 300 exhibitors from 12 countries welcomed more than 12.000 from over 60 countries including the United Arab Emirates, Oman, Qatar, Korea, Japan, Canada and Iraq as well as the main European countries.

# Communication with customers

Communications to customers comply with the principles of clarity and transparency provided by the Code of Ethics and Code of Business Conduct. Commercial and marketing activities are conducted in accordance with principles of fairness and transparency.

Cogne considers a priority the communication related to its development products and strategy development, aiming to provide timely and transparent information through several channels. Also in 2022, there was a growth in our presence in social media and our website was completely redesigned. To support the commercial action beyond the legacy regions, an important communication

channel for us are fairs and events such as Wire, Made in Steel etc.

In its relations with local and national media, the company dedicated space to topics such as use of renewable energies, decarbonization, circular economy and related plant development, also with the aim of giving greater visibility to the investments and objectives of the Business Plan.

# Customer satisfaction

Cogne has structured an annual monitoring system to evaluate the quality of the services supplied to its customer in order to identify actions for communication and operational interventions for continuous improvement. Customer satisfaction surveys are assigned to the Sales and Marketing Department, which periodically identify the market target of the survey and share the results.

For 2022 the customer satisfaction survey was aimed at the valve product for automotive. The survey, relating to the 2021-2022 supplies, is still ongoing and the Marketing Function is collecting the questionnaires sent in December 2022. At the draft date of this document, the data is being collected and processed. The Marketing department carried out a self-assessment of the customer satisfaction relating the performance for customer of aerospace and automotive sectors. The 2022 target was reached for bars, wire rod and automotive, where for aerospace even if the overall target was not reached the company gained a significant number of new customer and increased its sales volume by 400%.

## TECHNICAL COMPLAINTS

The monitoring of technical complaints is a fundamental management tool for identifying critical issues and defining and implementing corrective actions. The number and type of complaints is, therefore, a key focal point for Cogne and, at the same time, attests to the heightened awareness of customers and the growing level of their expectations.

In the year 2022, the complaints ton/sold t ratio worsened compared to that of 2021 and the overall target was not achieved, mainly due to the performance above below expectations of the semis and wire rod product lines. In particular, semis performance was penalized by a series of complaints relating to the same product sold to the same customer. To avoid tensions and simplify the management of the customer, the complaint was accepted and the steel was returned to Aosta to be used in its supply chain as the quality of the material was overall not questionable. Bars and valve product lines both achieved the target. For the product intended for the aerospace sector, no complaints were registered in 2022.

For the automotive product line, the complaints did not generate significant delays or failures in operation and no extra costs were recorded for delivery date related reasons. Furthermore, it has

been verified that Cogne's products has not generated actual failures in operation at the end customer.

## **DATA BREACHES**

Following the entry into force of EU Regulation 2016/679 (GDPR) relating to the protection of personal data (privacy), the term complaint means requests submitted by natural persons concerned by the processing of personal data to the Data Protection Authority, in the face of a possible violation of the law by the data controller. In 2022 no complaints were registered and we have no reports of loss or theft of customer information.





# THE PRODUCTION PROCESS



## RAW MATERIALS – FROM SCRAP TO RESOURCE FOR THE CIRCULAR ECONOMY

The first stage of Cogne's production process is the proper choice of steel scrap to melt.

The starting point is the Raw Material Department where scrap, alloys and ferroalloys, categorized and divided based on chemical composition and size, are controlled and stored. The correct mix of scrap, alloys and ferroalloys is then defined and with specific cranes, the different baskets are prepared and then loaded into the smelting furnace.

## THE STEELSHOP

The content of the different baskets is melted in the electric arc furnace (EAF) which uses three graphite electrodes. The furnace has a capacity of 80 tons, with melting times from 2 to 2.5 hours and a crude steel temperature for tapping of about 1650° centigrade. The EAF, to minimize the noise impact and also reducing dust emissions and en-

ergy consumption, is encapsulated in a special soundproof booth also known as Dog House.

The molten steel is moved from the electric furnace into preheated ladles and then transferred to the AOD (Argon-Oxygen Decarburization) converter for refining. The goal of refining is to reduce the amount of excess carbon in the liquid steel bath and perfect the composition of the steel within the predefined chemical parameters for each grade. Refining operations also include blowing oxygen and argon and adding alloys, ferroalloys and other materials to the liquid steel. The AOD Area Hood contributes to control emissions thus also improving working environment and impacts in adjacent areas.

After the AOD refining phase, the steel may go through further processing before being cast into ingots or slabs. The LF (ladle furnace) and the Argon workstation enable the temperature of the liquid bath to be controlled and, where necessary, to further adjust the chemical composition through secondary metallurgy processes.

After the AOD, LF and Argon Station, the liquid steel is ready for the casting phase. Cogne has three casting modes:

- continuous casting, using the continuous casting machine that outputs semi-finished products in the shape of a parallelepiped, called slabs or billets depending on the size. Continuous casting products are intended for the forge and the rolling mills;
- casting in ingots (direct or source casting), through which semi-finished products of various sizes (round, square or polygonal) and weights (2 to 70 tonnes) are obtained. The ingots are destined for the forge;
- in electroslag remelting (ESR and VAR), after ingots are initially cast, they are further remelted to obtain new ingots with superior internal qualities and almost completely free of impurities. ESR products are intended for direct sales, rolling mills or forging while VAR products are super alloys and high-end stainless steel spe-

cifically dedicated to strategic and high-tech applications for Aerospace, Oil&Gas and Power Generation sectors.

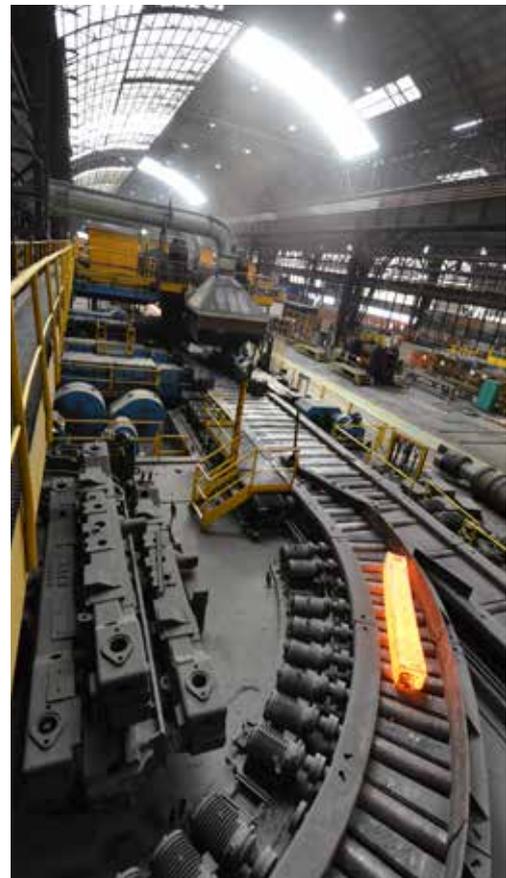


## THE FORGE

Forging is the hot forming process which involves applying repeated compression deformation to the semi-finished products obtained by continuous casting, ingot casting or ESR and VAR. The products are then blunted or processed into round bars, including large ones. COGNE disposes of:

- **presses** which make it possible to obtain blanks of excellent internal quality from ingots, i.e. semi-finished products with little or no internal porosity but which still have poor surface quality. The 2000ton Press and the 5000ton Press that use moulds of different formats (flat, round, V-shaped).

- **Rotating forging machine** for obtaining round bars (usually semi-finished round bars) intended for the manufacture of tubes, with excellent surface quality and acceptable internal quality, from ingots or slabs. The SXP 40 hammer machine machine uses 4 hammers operating both manually and automatically, which apply a force of 900 tons per single hammer



## THE ROLLING MILLS

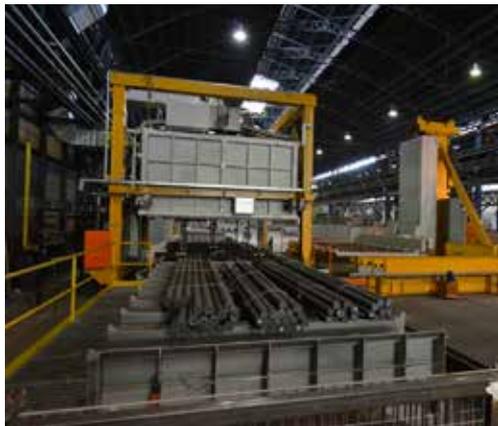
Lamination is the plastic deformation process that consists of reducing the height or changing a section of the material through pressure applied by rotating rollers. The semi-finished

products obtained by continuous casting, in ingots or remelting, undergo a transformation of the microstructure to obtain a finer grain.

COGNE operates of:

- a reversing mill or blooming train;
- a continuous wire rod mill.

The blooming mill is a rolling mill used to transform ingots into blooms for sale, i.e. blanks that require further processing by heat, or bars. The wire rod mill is a single rolling train that is able to manufacture both types of products.



## HEAT TREATMENTS

Heat treatments are used in our products to obtain specific mechanical and chemical properties (e.g. to improve corrosion resistance). During heat treatments several parameters such as duration, initial and final temperature, heating, and cooling rate are continuously monitored to control the correct execution of the process.

We use annealing and stress-free annealing. Annealing allows the steel to have some specific machinability char-

acteristics, while the stress relieving attenuates any tensions that the material has acquired during the cold treatments (for example, straightening).

## SURFACE TREATMENTS AND PICKLING

Surface treatments are applied to the wire rod products to remove the oxide layer that forms naturally on the surface during previous activities. The oxide layer can be removed using three types of surface treatment: thermal, mechanical or chemical. Specifically, the chemical treatment is carried out by pickling. The pickling treatment of stainless steel is necessary to remove any contaminating materials and to restore the surface of the products that has been affected by heat and prepare the material for all the subsequent treatments. The pickling process is technically complex and requires careful means to protect the health and safety of workers and the environment and for these reasons all operations in this department are strictly monitored.



## COLD FINISHING

Our products undergo cold finishing process depending on the finish surface we need to achieve:

- **cold finishing for chip removal.** In this case the surface of the material is removed mechanically. This category includes peeling, turning and grinding machines.
- **cold finish for plastic deformation.** This is a type of finish in which the material goes through stress deformation to permanently modify shape and structure of the material. Drawing is the cold operation that gives our bars a smooth and regular surface.



## NEW C LINE

The new C-Line was unveiled on 7 June 2022. The CALOW 350 peeler and the Landgraf RULL160 straightener and polisher work in teams to obtain a finished product removing the surface chips. The straightener-polishing machine guarantees the best performance in terms of surface straightness and roughness in response to specific needs of our Customers.

The two machines can work as one or individually, allowing the optimization of flexibility and production efficiency for special steels and nickel alloys of the highest quality and high performance. The machines are able to work on bars that start from the 100mm round up to the 175mm round, with lengths that can go from 4m up to 15m; the degree of straightness obtainable is 1mm/m and the surface roughness reaches 1.6µm.

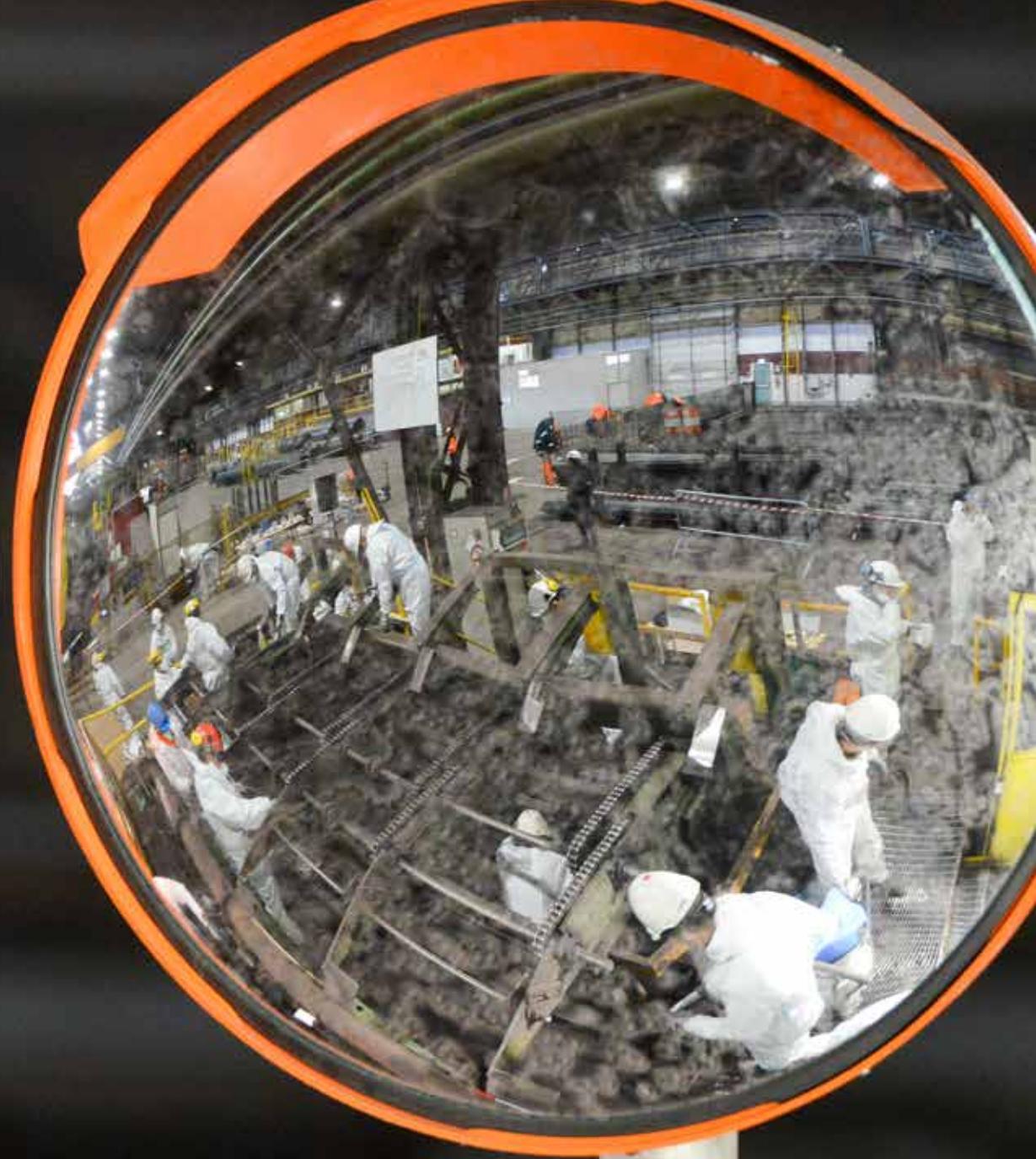
Along with the new C-Line was installed a large testing area equipped with a straightness test bench; an automatic control system with ultrasound and induced currents will be implemented representing a further step towards the always increasing quality of Cogne Acciai Speciali products.



## NEW FURNACE FOR AEROSPACE - MOBILITY - MEDICAL

For highly demanding sectors such as Aerospace, Mobility and Medical our goal is to offer the best solutions.

In 2022 we implemented a new track hearth furnace for annealing bars, with a maximum capacity of 15 tons and temperature up to 900 degrees. The Double track reduce the set-up times. This new equipment is the best solution for improving the production capacity of stainless steel peeled bars for the demanding markets of Aerospace, Automotive and Oil&Gas.



# **COGNE LEAN: A FACTORY ON THE MOVE**



2022 was an important year for Cogne Lean that was aimed to the consolidation of a company culture based on attention to the workplace, the efficiency of production processes, the reduction of waste and the involvement of workers in continuous improvement.

### **COGNE CULTURE FROM THE START ...**

These are principles that the Cogne Lean Group also wanted to transfer to new recruits, starting from the training process they all have to attend when joining the company. For 2022 this activity involved 108 workers for a total of 200 hours of Lean training. Main objective of this course is to ensure that new hires acquire from the 'first steps' that mentality that the company believes to be successful in order to improve the well-being of workers, guaranteeing greater profitability of company processes together with an increasingly welcoming and performing work environment.

### **GENERAL CLEANING: TEAMWORK, FUN AND RESULTS!**

White collars' involvement in the production areas was attained in 2022 programming special events named General Cleaning, organized every two months. These events see white collars employees work with production and maintenance workers, reinforcing team spirit and collaboration, with the goal to bring a specific plant or machinery back to its original conditions, through cleaning and painting and identifying in the process any anomalies that could be immediately resolved (such a loose bolt) to those that required further involvement of maintenance personnel.

The General Cleaning idea is to kill two birds with one stone: increase the collaboration and team spirit amongst who works in the offices and those who work on the floor and restore the original condition of a machinery in a short but intense. The activities are carried out in an informal environment with an engaging background music and breaks for refreshment also favors the creation of new interactions between workers who normally do not have opportunities to meet.

In 2022 three events were carried out in three different areas that involved 127 employees. For 2023 the event will become monthly.



## LEAN AND PRODUCTION PERFORMANCE

Lean Group has supported in 2022 the Production Areas in improving the efficiency of key plants, through constant monitoring of performance through specific indicators.

Starting with the identification of the critical issues Lean group developed with the production area a plan of actions aimed at improving performance in a step-by-step logic. All groups appreciated the effectiveness of this analysis methodology, that highlighted how a structured and analytical approach can lead to a progressive and steady improvement in efficiency.

## LEAN CULTURE AND THE ORGANIZATION

The Lean group have supported the production areas in the extension of the transformation of the working environment either regarding the production process than the ones for meetings or communal spaces such as locker rooms or canteens.

In 2023, to further seep Lean approach widely through the company and encourage in every worker the desire to be an active part in continuous improvement, specific training sessions focused on problem solving tools will involve 100% of blue collars and white collars.

Cogne Group activities, firstly focused on the Aosta plant, were extended to the Italian distribution center of Cornaredo primarily through the use of the 6S methodology. The same approach was used to kick off expansion of Lean principals to other subsidiaries, starting with Brazil, France and UK that already showed significant and evident results. In the first semester of 2023 the activities will be deployed to subsidiaries in Germany, Korea and Turkey, meanwhile in the second semester the subs in Switzerland, China and Mexico.



**ENVIRONMENT**



## Policies for the environment and Investments

Sustainable development, also in its connotation of protection of the quality of the environment and rational use of natural resources, is at the center of Cogne's attention and is embodied in its business model, mission and growth strategy.

At COGNE, monitoring and management of environmental issues have always played a crucial role. In the perspective of long-term management, COGNE monitors its carbon dioxide emissions and water consumption and is committed to progressively reducing its impact on resources, the climate and the ecosystem. Over time, the company put in place a structured control and monitoring system that enables it to identify the environmental impacts of its production process.

The Aosta production site has had an Environmental Management System certified in accordance with the International Standard ISO 14001 since 2008, and the activities underlying the certification as well as the control and maintenance of the system are coordinated by the Health, Safety and Environment Department.

The expenses and investments incurred in 2022 for environmental protection amount to approximately 700.000 Euro, allocated for 67% to project to protect the soil and subsoil and for 28% to activities to reduce emissions. A total amount of over 2,9 million of euro is allocated to projects not yet completed that refer to noise reduction (Quench Tower) and CO2 emission reduction with a new conduction furnace for rolling mill. Other extremely relevant project refer water treatment and recycling for the rolling mill and the decarbonization of the power supply of furnaces from natural gas to electricity.



# Water consumption

COGNE monitors its water footprint and the efficient and conscious use of water in its production processes. At the headquarters in Aosta the matter is tackled from all sides, with actions to improve the water efficiency of production processes, from purchase of machinery to the management of distribution networks. Particular attention is paid to the local contextualization of the use of this precious resource, with the use of specific analyses (e.g. "Aqueduct Water Risks Atlas" of the World Resources Institute) and action plans dedicated, for example, to the recirculation of drawn water. The management of water, relations with relevant stakeholders (primarily local communities) and the related potential impacts on the areas around the production plant is ensured by the Environmental Management System.

Environmental management and its continuous improvement are also driven by mapping key stakeholders, their interests and expectations. The year 2022 recorded an absolute withdrawal of approximately 12,6 million m<sup>3</sup>, with a slight decrease compared to 2021. This figure is up versus 2020 (a particular year due to the start of the COVID-19 pandemic), but is in line with the recorded increase in production. 100% of the water withdrawn in 2022 was drawn from wells within the plants and authorized by the competent authorities. The total water withdrawal includes water withdrawal for industrial use and water withdrawal

for firefighting and potable use. Moreover, COGNE does not take any part of its needs from surface water.

A total of approximately 10,9 million m<sup>3</sup> of wastewater was discharged, 100% of which into surface water bodies. Prior to discharge into the final receptor, industrial water, suitably treated where necessary, is subject to periodic analyses to ensure compliance with applicable legal limits.

# Waste management

The improvement of environmental performance related to waste management is pursued through:

- innovation in production processes, with the aim of preventing production of waste at the source, increasingly reducing waste and replacing current raw materials with new ones that have a lower environmental impact;
- operational management of the waste produced, aimed at identifying and ensuring the selection of waste treatment channels in order to maximize recovery and recycling.

Waste production in 2022, up from previous years, was 96.652 tonnes, an increase of around 7% compared to the previous year. The increase is due to the increase in production. Non-hazardous waste accounted for 86% of total production, and hazardous waste for 14%. The measures taken increased the percentage of nonhazardous waste sent to recovery operations to 27% of total non-hazardous waste.



# Air quality

Atmospheric emissions are produced directly by production processes. Controlling atmospheric emissions is among the major areas at COGNE, as they directly impact the areas in the vicinity of the plant. Our plants are equipped with a complex system of specific pollutants abatement equipment in accordance with the technical standards which the company is required to follow. Moreover, with the support of a modern emission monitoring system, the steel production activity carried out at the Aosta site is constantly monitored. The data collected are transmitted to the relevant Control Bodies and may not be modified or interfered with by the Company, to guarantee transparency and promptness in the transmission of data and the ongoing verification of the performance of the emission control equipment. The annual values of pollutants' emissions into the atmosphere are determined, in agreement with the Control Bodies, by taking as a reference the measurement for the worst performance in the year, then multiplying the figure by the plant's hours of operation.





# Energy management

In 2022 efforts to increase energy efficiency initiated in previous years continued, including actions aimed at improving energy management systems through the measurement of consumption, attention to technical indicators and the application of targeted maintenance plans in order to reduce energy waste. COGNE continued the development of a dedicated Energy Management System certified according to ISO 50001, that is expected to obtain in first quarter 2023. .

Total energy consumption (GJ)	2020	2021	2022
Direct energy consumption	1.428.333	1.612.141	1.553.931
Indirect energy consumption	812.075	984.775	980.105
<b>TOTAL</b>	<b>2.240.408</b>	<b>2.596.917</b>	<b>2.534.035</b>

In terms of absolute consumption 2022 registered a slight decrease in the consumption of electricity from grid and of natural gas compared to 2021, which is attributable to the optimization of the production processes, the constant technological upgrade of the production plants and a growing sensitivity to energy saving.

# GHG Emission reduction and district heating

The generation of heat in the production processes creates significant positive effects on the reduction of emissions and sustains the cogeneration framework (Cogne's thermal energy feeds the Aosta's Municipality district heating network) and significantly contributes to containing specific greenhouse gas emissions.

In 2023, the plan to increase the thermal energy we share with the company that manages the Aosta's Municipality district heating network, taking the chance to further contribute to the improvement of air quality in urban area of Aosta.

Emissions avoided by processes	u.m	2020	2021	2022
<i>Amount of heat transferred from Cogne Aosta's Municipaly district heating network</i>	MWh	17.336	25.617	21.882
	GJ	62.410	92.220	78.777
<i>Quantity of natural gas saved through heat released</i>	m <sup>3</sup> /000	1.831.809	2.490.139	2.326.545
<i>Quantity of CO<sub>2</sub> saved due to the heat released</i>	kg/CO <sub>2</sub>	3.511.250	4.940.436	4.459.571

In 2022 Cogne helped to avoid the combustion of 2.326.545 m<sup>3</sup>/000 of natural gas by transferring the heat generated by the production process to the Aosta's district heating generation plant. The decrease compared to 2021 is due to warmer-than-usual temperatures of last autumn with a consequent lower demand than in previous years



# Greenhouse Gas Emissions

Cogne's activities are part of the European Union's Emission Trading Scheme (ETS), the CO<sub>2</sub> market on which the EU's climate change policy is based and an essential tool for cost-effective reduction of greenhouse gas emissions.

In 2022, the CO<sub>2</sub><sub>eq</sub> emissions (Scope 1) of Cogne's plant were 5,83% lower than in 2021. Performance is closely linked to the increase in production volumes. The emission factors taken into consideration for the calculation of Scope 1 emissions are provided by DEFRA and ISPRA. Scope 2 CO<sub>2</sub><sub>eq</sub> emissions calculated with the location-based method decreased by 0,48% compared to 2021.

Greenhouse Gas Emissions tCO <sub>2eq</sub>	2020	2021	2022
Scope 1 emissions	92.379	105.765	99.937
of which ETS Emissions	91.537	104.847	99.021
of which non-ETS (fuel for company vehicles, LPG for heating and maintenance Methane of Cornaredo)	841	918	916
Scope 2 emissions (Location-Based)	75.794	86.169	85.759
Scope 2 emissions (Market-Based)	91.428	93.230	92.225
<b>Total emissions (Scope 1 Scope 2 Location-Based)</b>	<b>168.172</b>	<b>191.934</b>	<b>185.696</b>

Scope 2 emissions calculated using the market-based method appear to have decreased compared to 2021, despite the presence of a portion of electricity purchased from renewable sources. Specifically, the electricity covered by Guarantees of Origin amounts to 70.255 MWh in 2022, compared to 70,242 MWh in 2021. The emission factors used are European Residual Mixes (latest version available) from the Association of Issuing Bodies. The table above shows the COGNE emissions (Scope 1 and 2).



## Bees and Biodiversity

Environmental consciousness and preservation are priorities for us. The establishment of sustainable principles, responsible use of natural resources and promotion of environmental awareness are paramount considerations in all activities and anchored in our Declaration of Sustainability Commitments.

Biodiversity is a prerequisite for the development of humans and other living beings and ecosystems. However, publicly available statistics show a constant reduction in biodiversity. The protection of biodiversity contributes overall to poverty reduction, for example by ensuring health and food security, providing clean water and air, storing CO2 emissions and providing a basis for ecological development.

Among the UN SGSs objectives of the 2030 Agenda, Objective 15 defines the commitment to halt the loss of biodiversity and guarantee the conservation of mountain ecosystems, including their biodiversity, in order to improve their ability to produce benefits essential for sustainable development. Bees are more than just small honey collectors: they are crucial for biodiversity and health and together with other insects, they are responsible for plant pollination, which ensures the survival and diversity of food crops and medicinal plants.

We support biodiversity and provide a living space for bees that can then fly to the fields around the

plant in Aosta, full of blooming flowers in spring and summer as well in the nearby woods.

The Bees "housing facility" is in the vicinity of the plant area and it homes a population that is developing beautifully and fervently produced honey in 2022. The honey produced in 2022 was all gifted to Cogne employees.

The honey produced by the bees of our hives is an authentic and pure expression of the area that surrounds the Aosta Plant. It has many uses, from the traditional to sweeten milk or other beverages to more unusual as to accompany a plate of cheeses. Our bees, in addition to honey, have given us an example of how to work in team and how everyone has an essential role in the functioning of a system which in some ways recalls our company. And even if we are not a hive, we can learn so much from our pollinator friends.



**OUR  
PEOPLE**

The maintenance of adequate employment levels, the monitoring and development of skills, the health and safety of workers, are central to the pursuit of the strategies of Cogne which, for this reason, is actively committed to improving working conditions and personal growth of its employees, promoting a stimulating and constructive working environment.

Investments in training and development, meticulous career planning, targeted strategies to enhance talents, tailored benefits and an innovative corporate culture are some of the elements Cogne will continue to focus on.

Moreover, the involvement and engagement of collaborators are considered essential to teamwork and to developing a solid corporate culture, as ONE COGNE will be in the next few years. This approach is part of the process to manage individual skills and knowledge as part of a model that aims to maintain a high quality of human resources through policies that aim to increase professionalism and guarantee the necessary involvement.

Cogne contributes to maintaining employment levels also by promoting the development of businesses to which it outsources services and work, requiring them to provide adequate guarantees in terms of personnel and

safety policies through the application of some of its own standards.

Through actions aimed at increasing professional skills and improving the level of education, Cogne contributes, in a broader way, to the quality of employment in its related industries and in the communities it operates in. While having no specific local recruitment policy, given the specific features of the Italian labor market, almost the totality of Cogne's employees reside in the Aosta province where their place of work is located. Furthermore, considering the type of business, the geographical areas in which the company operates, and the procedures adopted to ensure compliance with current legislation, no risk of child labor or forced labor exists for Cogne.



# Human Resources in Numbers

At 31 December 2022, Cogne had 1.065 employees, up from the 1.047 employees at 31 December 2021. The average age of employees is 43 years old, 37% has compulsory schooling, while 13% have obtained a qualification, 37% a high school diploma and 13% a degree. The main changes in workforce are due to the characteristics of the annual workforce trend due to the start/termination of contracted services, including those of a seasonal nature and increase in the headcount due to increased production volumes.

Personnel as at 31/12 by position (no.)	2020	2021	2022
Executives	10	12	14
White collars	285	294	314
Blue Collars	657	741	737
Total	952	1.047	1.065

More than 95% of Cogne's employees are employed on permanent or apprenticeship contracts and 99,9% are full time contracts. This figure confirms that Cogne favors long-term working relationships, also offering opportunities for internships with the aim of giving young people, in particular, concrete professional- experience. 67% of the employees fall within the 30 and 50 age group, while 8% in under 30 years of age.

Cogne believes that maintaining long-term relations with its own employees, in combination with lifelong learning programs, is an essential part of its responsibility and is committed to avoiding any form of collective or unfair dismissal, always in compliance with legal and contractual provisions. The management of redundancies, should they ever occur, prioritizes the incentivization of voluntary resignation for those eligible to access pension funds, and the reassignment of excess personnel to other activities within the Company, with due retraining, and the use of the available social safety nets. Cogne is committed to protecting, in line with legal and contractual provisions, personnel belonging to protected categories and/or suffering from long-term illness, avoiding any form of discrimination in their regard.

# Hours worked and hours of absence

Over 95% of hours worked in 2022 are normal working hours.

Hours worked (no.)	2020	2021	2022
Normal Working hours	1.551.803	1.720.899	1.760.190
Overtime	25.407	79.922	96.439
<b>Total</b>	<b>1.557.209</b>	<b>1.800.820</b>	<b>1.856.630</b>

In 2022, there was a slight decrease in the number of hours of absence due to injuries while the sick leave rate is up to 4,8%. Paid Leave rate is stable while absence due to wage found is down to 0,3% in line with 2021 and strongly down from 9,1% in 2020.

Hours of absence by type (%)	2020	2021	2022
Sick leave	4,90%	3,40%	4,80%
Injuries	0,30%	0,40%	0,30%
Other Reasons *	2,30%	2,20%	2,80%
Paid Leave	13,50%	13,10%	12,50%
Wage Found	9,10%	0,10%	0,30%
Normal Working hours	69,90%	80,80%	79,30%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Maternity leave, strikes, union meetings and leaves and other absences (paid or unpaid)

# New hires and contract terminations

In order to improve the quality and transparency of information, it has been changed from this year the measurement methodology and the data relating to hires and terminations refer to all starting and ending of employment relationships during the reporting period, and no longer only voluntary terminations.

In 2022, there were a total of 154 hires, down on 2021 after very strong growth in 2021. The overall figure is also affected by the stabilization of production volumes. 60% of new hires are aged 30 to 50 and 96% are men. Hires under 30 represent 44% of the total hires demonstrating the attention that Cogne pays to hiring young people.

Hires by age and gender (no.)	2022	2021	2020
under 30 years old	59	86	79
from 30 to 50 years old	92	115	111
over 50 years	3	5	-
<b>Total</b>	154	206	190
Women	6	4	5
Men	148	202	185
<b>Total</b>	154	206	190

Outbound by age and gender (no.)	2022	2021	2020
under 30 years old	40	16	57
from 30 to 50 years old	85	58	110
over 50 years	14	39	36
<b>Total</b>	139	113	203
Women	4	1	5
Men	135	112	198
<b>Total</b>	139	113	203

The regulatory provisions provide for the possibility of encouraging the anticipation of the pension for those who have reached at least 62 years of age and a minimum contribution period of 38 years. Under the agreement signed in 2020 with the Trade Unions 16 consensual resolutions happened in 2020 and 32 exits in 2021.

Given the change in the calculation method, it was necessary to make a restatement on the 401-1 indicator, resulting in a change of the numbers as follows: the number of hires in 2020 and 2021 increased, respectively, by 174 and 125 units, while the number of terminations in 2020 and 2021 increased by 86 and 176 units respectively.

# Turnover

The turnover index has grown compared to 2021 and the number of employees who have left the company grew by 23% compared to 2021. Compared to 2020, the number of employees who left the company decreased by 32%. To meet the needs of continuity and organizational stability continuous planning of new hires was guaranteed in the company, which resulted in the 2022 to a historical hiring peak.

Turnover	2020	2021	2022
Total Outbound employees no	203	113	139
Total Employees / Headcount no	952	1.047	1.065
Turnover %	21%	11%	13%

In a labor market characterized by a scarcity of resources with qualified skills, retaining people and being able to attract new skills is confirmed as a strategic priority. Aware that workers' priorities have profoundly changed both due to the pandemic and the generational transition, Cogne has invested in diversified Employee Retention strategies aimed at making the employee feel strongly involved in the organization and constantly subject to attention and care. The company has increased the offer of training opportunities and adopted incentive plans and professional growth paths, promoted the culture of assessment and the sharing of constructive feedback to increase involvement and accountability at all levels. Furthermore, it invested in support actions aimed at promoting the well-being of workers and work-life balance, applying, where possible, conditions of greater flexibility at work.

In 2022, Cogne carried out for the second year in a row a dedicated analysis of the corporate climate, to better understand the degree of satisfaction of all Employees and awareness, identified as awareness of the role, the tasks and responsibilities. The goal was to receive a "snapshot" of our working reality, in order to plan a progressive continuous improvement for it. The questionnaires were administered via an online platform in anonymous mode. The aspects that emerged as critical will be subject to further investigation during the year 2023.

# Performance management

Performance Management in Cogne is a structured process, aimed at measuring and developing individual and team performance, so that they are always aligned with the strategic objectives of the organization. In 2022, the performance evaluation of 100% of employees was done, with the aim of enhancing people's skills, supporting the processes of transformation and acquisition of new skills, assigning objectives and priorities, increasing employee empowerment and motivation.

In addition to representing a comparison of expected results and previous behavior, Performance Management poses in the company the challenge of a continuous and widespread feedback system, capable of directing performance during construction, in an atmosphere of exchange in which sharing is functional to solve problems in real time. Following the assessment, the company invests in training to encourage the acquisition of new skills and applies an incentive system, which includes increases in merit, career progression and internal relocation in paths consistent with the ambitions of individuals and the needs of the organization.



# Corporate Citizenship

Corporate culture and awareness are strategic elements for Cogne and their increase is one of the goals of the Internal Relations department. Internal Relations is developed in tune with the Public Relations department in order to enhance the results on the community and stakeholders, with the involvement of media.

The main tools used in 2022 were Newsletters, Mailing lists, Video storytelling, signs and posters, Work procedures, the special Onboarding project for new hires along with guided tours of the Aosta reserved to employees and corporate events.

**Guided tours for Employees:** in 2022 specific guided tours for employees were organized to allow workers and employees from all departments, including staff, to visit the plant as a whole and gain direct knowledge of what the company produce, of what other departments do and how big the whole plant is. This allowed not only to increase the sense of belonging to Cogne but also raised awareness about our reality to better understand the complex of the processes that characterize our production process.

**Corporate events:** after two years due to the pandemic, we were able to restore the Christmas Lunch tradition and the company Chief Executive Officer and the General Director welcomed all employees in the Piccola Fucina for the holiday celebration.

**Awareness campaigns 2022:** Cogne continued in 2022 its effort to raise awareness on several social and environmental matter such as the following.

Energy saving	Small efforts that lead to great results. A video was shared through the internal company newsletter to encourage the responsible use of resources.
World water day	The company commitment for 4,2 million euros was highlighted in the company newsletter in spring 2022, with the aim of making its employees aware of making their own contribution in reducing water consumption with small daily gestures.
Collection point for basic goods for Ukrainian Refugees	To respond to the humanitarian emergency caused by the war between Russia and Ukraine, Cogne, in collaboration with the Italian Red Cross - Aosta Committee - set up two collection points in the plant facilities to collect, from employees, what was needed for refugee children. In particular, thanks to employee donations, Cogne collected clothes, baby food, diapers, bottles, pacifiers, breastfeeding tools, hygiene products, prams, strollers, high chairs, school stationery and notebooks.
European Mobility Week	To promote synergies between people and places and to encourage sustainable transportation systems Cogne activated the "Better connections" program that gather several initiatives, reserved for our employees and their families, to support bike mobility.
M'illumino di meno	In the wake of the national campaign "M'illumino di meno" (I use less energy for lighting purposes) Cogne supported energy savings and sustainable lifestyles with a special communication campaign. As part of the National initiatives aimed at reducing our environmental impact and promoting virtuous conduct. The 2022 edition focused on the proactive and transformative role of bicycles and plants, because both have shown that they can concretely improve the environment. Cogne participated through special bike racks available at every entry point of the plant (to support those who bike to work), started several projects to bring plants inside the floor and the buildings and continued its efforts to us LED lights.



## Working environment

During the summer of 2022, two new areas outside the factory canteens (central and PRS-Rettifiche) were inaugurated. During the year, the new locker room and a new entry points were also inaugurated, facing the Piezometric Tower, which serve the Quality, Raw Materials Management, Steelshop and Maintenance areas.

The whole activity is part of a broader plan started in the previous years to improve the working environments for employees. Over the years were already completed the new entry points of Via Paravera, Via Valli Valdostane and Via Laboratori Vittime del Col du Mont, the construction of the new C2 changing room (East area of the plant), the restructuring of the 8-12 locker rooms and the area specific refectories. In November 2022, project for the renovation of commons spaces focusing locker rooms and connected facilities, located in production, maintenance and staff areas.

The goal is to offer greater usability by Cogne employees of the common areas within the plant and will continue as part of the 2022-2024 company investment plan.



# Welfare projects for employees and their families

Among the initiatives aimed at employees with the aim of reconciling work-life times, for the year 2022, were developed the following initiatives.

## **Scholarship program and financial aids**

Cogne supports its employees and the work balance through a program of scholarships.

**Scholarships for Employees:** for the 2021/2022 academic year, Cogne promoted scholarships for its employees who attend university and, in particular, the Faculty of Engineering. The scholarship is intended as a financial aid granted to eligible employees, in order to support their study career and their university education, rewarding commitment and merit. Each student in good standing with the exams received a contribution of 5.000 euro.

**Scholarships for Employees children:** Cogne decided to reward in the same way the employees' children and also offered the student that completed his studies in Engineering, a six-month internship in the company and subsequent job placement.

Active in the summer months, Cogne made available scholarships for summer camps attended by employees' children with a contribution on fees for summer camps held in the Aosta Valley for a

maximum duration of 6 weeks. The scholarships covered the full costs with a maximum expenditure.

Cogne, to support employees' families decided to fully refund the employees for the costs incurred for enrollment in nursery schools.

## **Pedibus Service**

In order to offer further support to families, Cogne activated a collaboration with Associazione Alpini Section of the Aosta Valley, that walked children from the school they are enrolled to the after-school Cogne Acciai Speciali program facilities. This service Cogne provides to families allow them to be sure their children are always looked after and do not require them to leave work to go pick them up after school to drive them to the after-school program.

## Sports and Sponsorships

Cogne continues its collaboration with sports clubs for activities aimed at pre-school children of employees: covering all age groups Cogne activated agreements dedicated to kindergarten children with sports clubs sponsored by Cogne Acciai Speciali (mountain biking, artistic and rhythmic gymnastics, volleyball).



## The factory of Little Talents

After-school program full funded by Cogne for employees' children of elementary and middle school "when making plans for a year, sow wheat; if you plan for a decade, plant trees; if you make plans for life, train and educate people". With this claim, starting from the 2022-2023 school year, Cogne launched an after-school service aimed at the children of employees that provided multidisciplinary learning environments based on a format whose objective is learning by doing, that embraces teaching skills and subjects in line with what future generations will encounter in a working context.

## Lean a language to lean a life long skill

Special program targeted to school children that allow them to lean a language while playing. The children

won't learn sitting at their desk reading a book, but by singing, dancing and playing. The program for teenagers is prepare them, while learning English, for today's global culture through music and videos.



## Robotics laboratory and LEGO® League

To support a new approach to technologies through play Cogne supported the a program that aimed to facilitate the learning of STEM subjects (Science, Technology, Engineering, Mathematics), develop critical thinking and a fresh approach to today's world and stimulates logic and development of computational thinking. The LEGO® League is an international robot tournament for boys and girls between the ages of 6 and 16, designed to inspire fun and excitement in favor of science and technology.

Cogne supported a team of employees children, the Steel Team that took part in the competition for the first time and qualified, after an intense work in 2022, for the national finals scheduled for March 2023 in Piacenza.

# Mobility management

The Company is committed to reducing atmospheric emissions from road traffic also through the promotion of initiatives for employees. In 2022, a campaign was launched to survey the home/work travel habits of CAS employees for Aosta's plant, and the activity carried out was also part of the "Sustainable Development Goals" improvement objectives.

The survey, aimed at all employees of Aosta's plant, had the purpose of mapping the methods of transportation of workers, based on set of 7 questions. The survey, carried out on a voluntary and anonymous basis, involved 1.148 workers with a 18% response rate, consisted of a questionnaire with 7 questions which focused on the following topics: place of departure or distance of commuting, days per week of physical presence in the workplace, days of smart working, mode of transport, size and fuel. For over 87% of participants it is required the physical presence in the plant for 5 or more days per week. As per the mean of transportation around 15% of the participants uses the bicycle to reach the plant while only 4% uses trains or public transport. Most of participants (68%) reach the plant by car and of these 7% use a full electric or hybrid vehicle.

Downstream of the survey in question, incentive policies for alternative mobility could possibly be put in place towards the most numerous homoge-

neous groups and/or workers residing within the urban circle or in the immediate vicinity, through the promotion of methods of transport different from the sole use of the car.

To encourage the use of bicycles, the company has further expanded the availability of the racks for the safe storage of bicycles, which were 3 in 2021 and went up to 6 in 2022, located at all gates of the plant.



Cogne Acciai Speciali  
Academy

Operatore tecnico  
Industria 4.0

**TRAINING**

Training is an instrument of primary importance for Cogne. It plays a fundamental role in the professional growth and development of individuals, in disseminating corporate culture, strategies, values, and principles and, therefore, in the overall growth of the company's value. It focuses on the maintenance and development of competencies, with particular reference to the core competencies of the various professional figures, promoting lifelong learning opportunities for everyone. Staff development is supported by creating experiences and opportunities in which everyone can learn and train their skills and increase their awareness of their role.

This path to growth begins immediately, with the Onboarding program dedicated to new hires. Each new hire is invited to attend a mandatory three-day training, an event where they meet colleagues from the different areas and department such as Human Resources, Health Safety and Environment, Sales and Marketing, Information and Technology, Quality and Lean. It is also part of the on boarding a tour of the plant. This shared moment is essential to begin getting to know the company, its structure and the people that work in it.

In 2022, 14 Welcome Seminars were held (totalling over 2.700 hours) to welcome new hires. Such training ses-

sions, that include every new hire regardless of the job they are going to do, are followed by personalized training on the job based on the level of responsibility and seniority.

Learning also continues at an individual level, through specific training available on the company platform, where it is possible to find, in addition to informative and popular materials, slides and material of the courses also attended.

With the development of new technologies, an evolution towards digital transformation and the spread of the pandemic, training in Cogne has changed paradigm, moving from traditional classroom training to the use of new methods that are able to offer a greater degree of flexibility, usability and personalization, such as virtual classrooms and webinars, which have been added to the asynchronous e-learning in use.

Cogne Academy's activities regarding the project named "Il Manutentore dell'industria 4.0" (The maintenance technician of industry 4.0) wrap up in July with the Qualification exams in Mechanical Maintenance Technician and Electrical Maintenance Technician, with positive results for all participants. Five of the participants are now employed in the Maintenance Department.

Cogne Academy launched and implemented a new post-diploma training course aimed at job placement of figures in operations named "Operatore tecnico dell'industria 4.0" (technical operator of industry 4.0), which took place in the last quarter of 2022. The activities, in the classroom and on the floor, involved relevantly staff and technicians as teachers and resulted in the recruitment of all 10 participants.

# Health and safety training

Among the primary objectives of Cogne training activity are the improvement of behaviors and the strengthening of the culture regarding health and safety in the workplace, which continue to have a predominant role in initiatives aimed at employees. In 2022, these topics registered a significant increase over previous years, with over 16.400 hours of training delivered, a per capita average of 15,4 hours and the involvement of 1.142 people in at least one initiative (including some employees not in force at the end of 2022). Therefore, all employees in form as at 31/12/2022 carried out at least one training activity during 2022.

The main initiatives were:

- basic training and updates for all employees, regardless of the role, emergency and first aid officers, on specific risks (i.e. confined environments, electrical environment, chemical) and on the use of personal protective equipment (work at height, respiratory system, confined environments);
- mandatory qualification and refresher courses for safety officers (RSPP/ASPP/RLS, fire prevention officers);
- training and refresher courses on the use of equipment (i.e. fork-lifts trucks, lifting platforms, cranes, tractors, etc.);
- specific internal procedures (i.e. emergency management, etc.).

The company training portal is integrated with the SOP-SGSSL, in order to allow for training needs to be constantly updated in relation to the risks to employees and the security responsibilities assigned to them, as well as to monitor the expiry dates of the relative updates. The effectiveness of the safety training is assessed through tests or, as provided for by law, through practical assessments.



# **HEALTH AND SAFETY**

Cogne considers the dedication of human, professional, organizational, technological and economic resources to occupational health and safety as an investment, as it believes it to be fundamentally important to protect workers and includes among its objectives not only compliance with the provisions laid down by the law, but also measures taken with a view to continuously improving working conditions.

A stringent conception of safety entails total engagement on the behalf of employees who, according to the activity performed and the respective skills and responsibilities, are required to play an active role in prevention. As such, particular attention is given to providing training and information to employees and conducting continuous monitoring, including the analysis of individual injuries, near-misses, and planned supervisory surveys.

Cogne has a managing system certified according to the international standard UNI EN ISO 45001 to guarantee the systematic control of aspects relating to the safety and health of workers, who cover 100% of the employees employed in the Aosta Plant (equal to 98% of company's total employees).





# Safety Management System

Cogne's safety management system is supervised by the Health, Safety and Environment Department, which guarantees the standardization of risk assessment methods, the identification of organizational, procedural and technical measures, and the training needs of personnel in the field. Specific procedures and systematic audits allow for the monitoring and the continuous improvement of this system to be pursued. Specific improvement objectives refer to the progressive digitalization of the Safety Management System (through Occupational Health and Safety Management System software SOP-SGSSL) and standardization of the management of cross-departmental topics (including procedures regarding PPE, health checks, emergencies, injuries).

Cogne organizes at least one annual meeting on corporate security (Article 35 of the Italian Legis-

lative Decree 81/2008) for discussion and updating attended by the Workers' Health and Safety Representatives (RLS). Surveys and specific meetings are also carried out at the request of the RLSs and/or workers. The RLSs are also invited to take part in the visits to the workplace with the Occupational Health Physician (Article 25 of the Italian Legislative Decree 81/2008).

The reporting and management of injuries and near-misses takes place through hierarchical channels and subject to supervision by the Prevention and Protection Service according to specific procedures regulating the process, which may be computerized and are accessible to all workers. A

detailed analysis of the event is carried out, aimed at identifying the causes of unwanted events, and the necessary actions and skills to prevent them. The Safety System documentation (procedures, emergency plans, operating instructions, guidelines for safe working, etc.) establishes the cases and situations where workers are required to distance themselves from potentially hazardous or unexpected situations, and/or to avoid certain activities requiring specific training for which they are not qualified. In this regard, the company adopted specific procedures to regulate particular situations and risks (works in confined spaces, employees operating alone, etc.).

The process of hazard identification and risk evaluation is regulated by procedures that guarantees a standardized approach. For each working activity, the risks and the appropriate prevention and protection measures, personal protective equipment (PPE) necessary to conduct said activities, proper conduct and any organizational measures or other requirements are identified and evaluated. Furthermore, workplaces are analyzed to identify and evaluate the risks present, taking instrumental measurements where necessary. The assignment to each employee, working activities and workplaces completes the risk profile of each worker, identifying the consequent general protection measures to be implemented such as the provision of necessary PPE, the need or otherwise for health checks, and the results of these, where applicable. This structured evaluation process is conducted

and coordinated by the Prevention and Protection Service (SPP) with the indispensable involvement of the operating units.

Cogne as per its ISO 45001 certification is subject to periodic audits planned by certified external independent auditors with the aim of verifying the correct implementation of the occupational health and safety management system. The results of these audits are brought to the attention of the management to enable the relative action to be taken.



# Main indicators of safety and Investments

Accidents and safety index	2020	2021	2022
Total number of recordable work-related injuries including fatalities	15	26	25
of which commuting incidents <sup>1</sup>	-	-	-
of which with an absence of less than three days	1	3	3
of which with serious consequences, excluding fatalities	13	23	21
of which high-consequence work-related injuries, excluding fatalities <sup>2</sup>	1	-	1
of which fatalities	-	-	-
Hours worked	1.578.473	1.800.468	1.856.630
<b>Frequency index</b>			
(no. total number of accidents/hours worked x 1,000,000)	9,5	14,44	13,47
Days of absence due to accident	850	910	891
<b>Severity Index</b>			
Severity Index	0,54	0,51	0,48
Rate of high-consequence work-related injuries	0,63	-	0,54
Rate of fatalities	-	-	-

1 - only if the transport has been organized by the organization

2 - >6 months of absence

Injury trends in 2022 show a slight decrease in indices compared to 2021 and a strong increase compared to 2020, which however was strongly characterized by the Covid-19 emergency. The severity index, at 0,48 (0,51 in 2021) and the frequency index, at 13,47 (14,44 in 2021).

The days of absence due to accident, 891 days, remains almost constant (910 days in 2021). The accident data are based on the accident register and no category of workers has been excluded.

The occurred injuries are mainly related to walking/falling/tripping, to the use of manual equipment and material handling. The data relating to the risk assessment are originated from the Risk Assessment Document (DVR) drawn up on the basis of operational experience, Legislative Decree 81/2008 and the ISO 45001:2018 standard.

The expenses and investments incurred in 2022 for health and safety amount to over 5.980.000 Euro, allocated for 61% to fire prevention and for 20% to improvement of the working environment. A total amount of over 1,48 million of euro is allocated to projects not yet completed that refer to improvement of the working environment and specific steelshop fire prevention activities as well as interventions to better ladle handling.

## HEALTH CHECKS

Employee health checks are carried out based on their assigned duties and diagnostic checks. These are planned and, pursuant to current law, carried out by external Occupational Health Physician, appointed by Cogne. The correct planning and monitoring of health checks for all workers is guaranteed by the Prevention and Protection Service (SPP) and Human Resources Department. To respect personal privacy, information is

made available to employees, managers, senior managers, medical professionals and the SPP only when relevant. With regards to occupational ill-health, the Risk Assessment Document (DVR) is maintained constantly updated and shows a very low level of professional risk, which vastly reduces the likelihood of occurrence. The Occupational Health Physician is required by law to report any suspected occupational ill-health to the competent bodies. In 2022, no cases of occupational ill-health were recognized as such by INAIL.

No specific initiatives or programs limited to serious work-related ill-health are envisaged; on the other hand, numerous welfare and prevention initiatives and programs in general are envisaged, both at the level of national collective agreement with Metasalute program.



## SAFETY CHRISTMAS TREE

A Christmas tree made up of safety helmets mounted on a typical construction site frame. So in December 2022 we wanted our tree for safety at the plant, together with the Valle d'Aosta section of Anmil, the national association between mutilated and work-invalid workers, and the construction section of Confindustria della Valle d'Aosta and the Municipality of Aosta. Setting up the Anmil Christmas tree for occupational safety at the plant demonstrates our commitment every day to ensure that safety and prevention are priority issues for our workplace.

# Emergency management

In order to respond to potential accidents and alarm situations, which could occur after a natural disaster, explosions or fires and to prevent and mitigate the consequent damage to people and the environment, Cogne has procedures and practices that define:

- the organization and coordination centers set up to address the emergency situations that could arise within the activities carried out;
- the management of information and relationships with the Prefectures, Civil Defence, Authorities, Regions, Provinces and Municipalities, including their relative operation rooms.

Aosta's plant must comply with the Seveso III regulation (significant accidents) and has therefore developed a specific emergency management system. Furthermore, on an annual basis we receive a specific inspection by the local authorities that are part of the Regional Technical Committee (which includes firefighters, ARPA, USL, RAVA and INAIL).

The site and facilities have specific emergency plans covering the most likely emergency scenarios, including those with possible environmental impacts. Emergency personnel have been identified and is trained and updated periodically. Evacuation tests are carried out annually involving

all persons present, including visitors, customers and suppliers; depending on the occasion, simulations are also carried out regarding the management of additional emergency scenarios (illness, spillage, etc.). The contingency plans of the main corporate districts identify an emergency manager and coordinator for each site. Upon accessing the site, visitors view a video containing the behavioral procedures to follow. The company emergency plans are constantly updated in accordance with modification of the plant and applicable legislation. Emergency situations connected to possible environmental pollution during the operation of plants, or due to mechanical failure of instruments of control or measurement of chemical physical operating parameters, are managed in accordance with criteria of immediate intervention on the fault, by specialized personnel, 24/7. The action aimed at fixing the failures occurs in the minimum time needed to carry out works.



**ADDED VALUE**

COGNE's Values and Code of Ethics enshrine the Company's commitment to working towards responsible long-term development, having awareness of the links and interactions between the economic, social and environmental dimensions. This is to combine value creation, the company's progress, attention to stakeholders, raising living standards and environmental quality. The term "added value" indicates the wealth produced during the reporting period, calculated as the difference between the revenues generated and the external costs incurred during the year.

The distribution of the added value among the various stakeholders makes it possible to express the relations existing between COGNE and the main stakeholders in monetary terms, focusing attention on the socio-economic system the company operates in.

Distribution of Added Value (Euro/000)	2022	2021	2020
Added Value generated	101.202	94.876	58.272
Employees	48.505	43.760	38.182
Lenders (Banks and Bondholders)	8.490	4.683	7.371
Public Administration	14.967	17.625	8.296
Shareholders	-	-	-
<b>Added Value distributed</b>	<b>71.963</b>	<b>66.069</b>	<b>53.849</b>
Added value retained by the Company to support investment and development	29.239	28.807	4.423

2022 saw a recovery of the wealth distributed by Cogne in the Autonomous Region of Valle d'Aosta, and specifically the amount of salaries increased by 10% compared to 2021.

Local Distribution of Added Value	2022	2021	2020
Wages, severance pay and social security contributions	63.560.329	57.821.498	50.110.057
Taxes - IRES / IRAP	981.895	3.870.969	108.653
Valle d'Aosta's Suppliers procurement	28.232.908	23.320.658	19.068.137
Total Added Value Locally Distributed	92.775.132	85.013.125	69.286.847

## Investments

As at 31.12.2022, the Company made investments in fixed assets before disinvestments of 44.317.741 euro.

Description	Capex 2022	Projects completed in 2022
Environment and Safety	7.791.189	6.942.297
Energy Efficiency	926.022	491.783
Housekeeping	89.298	19.802
ICT	115.349	106.932
Productivity	14.023.841	9.576.917
Strategic Development	21.372.042	10.083.627
<b>TOTAL</b>	<b>44.317.741</b>	<b>27.221.358</b>

Area	Capex 2022	Projects completed in 2022
Steel Shop	12.851.584	2.341.281
Forge Area	7.990.684	4.590.317
Rolling Area	13.775.724	8.998.114
Quality	1.344.825	1.265.926
General Plant	8.354.924	10.025.720
<b>TOTAL</b>	<b>44.317.741</b>	<b>27.221.358</b>

Additionally, the strongly "capital intensive" nature of the Company's industry requires that strategic plans and investments are assessed based on a broad long-term outlook, especially considering the fundamental factors guiding the future evolution of demand for steel products.

The focus for 2022 and the following years will be developing strategic new plant to supply the end-user markets.



**LOCAL  
COMMUNITY  
AND PUBLIC  
RELATIONS**

Cogne's sustainable development strategy is also managed through strict collaboration with local authorities, ngo's and other local entities which have established strong relationships with the local areas and help us analyze and anticipate needs also through innovative social initiatives.

The Public Relation Department is also a tool to collect ideas and proposals to design new projects, enhancing the experience and knowledge of local communities to create shared value and generate growth for Company and for the areas in which it operates.

The Public Relations Departments meets periodically, among others, with the representatives of Local Authorities and Associations, the Municipality of Aosta and the representatives of the Autonomous Region of Valle d'Aosta. Through specific internal working groups, each idea proposed is analyzed and, if feasible, developed with the proposer by the corporate departments involved, under the direct monitoring of the General Manager.

In 2022 Cogne developed various initiatives with the aim to consolidate and develop relationships with the

territory that can spread knowledge about Cogne, in all its facets and nuances. All activities had as a common thread the attention to arts, solidarity and to the younger generations.

Furthermore, employees' children's visits in 2021 stirred curiosity prompting local associations and organizations, but not only, to ask Cogne to discover our world. To respond to this interest, we realized several initiatives that allowed an ever-increasing number of people to learn about us.

In 2022, 5 projects were incubated and completed, 2 of which will continue in 2023, and others are in the development phase and concern social and educational issues. Below is a breakdown of projects completed in 2022 and those that are still in the pipeline.



## Cogne and the Arts

Stainless steel production and performing arts seem to belong to two different universes. In 2022 Cogne decided to renew its commitment to bring the two worlds closer together by developing initiatives dedicated to art exhibitions and theater shows, open to the public, held inside the plant in Aosta.

### REGEN'ART – THE MATERIAL THAT IS REBORN

Cogne is at the core of the circular economy and shares the importance of giving new life and new essence to materials with Cracking Art. The Regen'Art exhibition project, envisioned and structured by Cogne Acciai Speciali in collaboration with the Forte di Bard association and with the Cracking Art artistic movement.

The Cracking Art movement was born with the aim of changing the history of art through a strong social and environmental commitment which, combined with the revolutionary use of materials, highlights the increasingly close relationship between nature and man-made reality. The term Cracking Art derives from the English verb "to crack", which describes the act of cracking, breaking, yielding, collapsing but also reminds the catalytic cracking that is the chemical reaction that transforms crude oil into plastic, the material the artifacts are made of. The art pieces

are created to share the importance and environmental impacts of regeneration and of the circular economy.

Cogne and Cracking Art decided to join forces to be part of an artistic journey dedicated to sustainability. Forte di Bard Association, a globally recognized exhibition and cultural center, was also involved in the art exhibition.

The Regen'Art project was then structured simultaneously on two locations, Cogne Plant in Aosta and Forte di Bard exhibition area, populated by dozens of colorful animals of different sizes, made of regenerated plastic. The exposition in the Aosta Plant was visited by over 400 people during special visits.

### INDUSTRY AND MUSIC – A TRIBUTE TO THE 60TH ANNIVERSARY OF THE BEATLES

In the year of the 60th anniversary of the debut of the Beatles with the release of their first single "Love Me Do". Recognized as a communication



phenomenon of international proportions, the Beatles marked an era in music, costume, fashion and pop art that still influence contemporary society.

On 30 June, the Aosta based "Gruppo Caronte", instrumental (violin, cello, harp and piano) and voice ensemble, enthralled the audience in the evocative setting of the Piccola Fucina, in the Forge Department, part of the Hot Production Area of Cogne Acciai Speciali.

The "Piccola Fucina", unique location, resonated in a June evening with the famous songs of the Liverpool baronets, interpreted with an original formula by the Aosta based "Gruppo Caronte".

## ARTS AND INDUSTRIAL SETTINGS - TRAMÀ

In 2022 took place the first edition of "Tramà", an artistic project dedicated to contemporary art and culture of international scope. The exhibition, promoted by "Paratissima" with the patronage of the Municipality of Aosta and the support of private partners, displayed works by thirteen artists who, using different languages, addressed themes related to memory,

identity, migration, the environment, relationship between man and technology and new multimedia languages. Cogne participated lending its location to a multimedia work entitled "Sound Cinema Trip".

## BEYOND THE WALL - A SPECIAL PROJECT IN COLLABORATION WITH RAI

Cogne, in collaboration with Rai (Radiotelevisione Italiana - exclusive concessionaire of the public radio and television service in Italy) headquarters in Aosta, has created a docu-series aimed at telling the past, present and future of a company that is today a world leader in the production of long products in steel and nickel alloys. The docu-series has been structured into episodes, which offers a journey to discover the company past, present and future.

Despite a strong productive, social and cultural influence that has over a century, little is known of the entrepreneurial excellence that Cogne is and that has influenced the life of thousands of families, reaching with its products the global market. Each episode of the docu-series sees interviews with representatives of the company and institutions and also report some of the comments of the hundreds of students who have entered Cogne during the "La Cogne entra a scuola" (Cogne enters school) Project.



## LA COGNE ENTRA A SCUOLA – SCHOOL VISITS PROJECT

In 2022 Cogne opened its plant in Aosta to school visits. During the visits, Cogne hosts the students in the historical Palazzo di Direzione where there are given a brief presentation by the General Director, Ms Monica Pirovano in person! She tells them, in an age-appropriate language, all about the company, the products and the production process and then, with an electric-powered train, they start their visit to the plant.

The students are given the opportunity to visit the different areas starting from Raw material Dept, where they can see the scrap and the preparation of baskets. The second stop is at the Steel shop, where they leave the train and enter the control area of the EAF and the AOD Converter. They then get back on the train and reach the Forge Department where they can see both the 5000ton Press and the SXP 40 hammer machine. Moving on the train takes them to the Rolling mill and through the Cold Finishing Department. After that, the train reaches the Maintenance Area and the tour ends at the Quality Department where the students visit the metrological and metallurgical laboratories.

## SPECIAL VISITS – PUBLIC AUTHORITIES AND AOSTA CITTÀ DIFFUSA

Cogne participated to the second edition of “Aosta Città Diffusa” theater and urban regeneration

festival. The festival is a thought laboratory on the contemporary, a tool for imagining a new map of the city, made up of art and relationships to (re)discover, which took place in Aosta, in different locations full of potential, alternating the city center and industrial areas. This edition objective is to look at the city, through the lens of the festival, with different eyes, both for those who discover it as a tourist and for those who live and live there every day. We hosted a special visit that took the participants in a journey inside one of the symbols of the city of Aosta. Cogne opened its doors and shared its history, revealing what there really is behind the inclosure walls.

In 2022 we hosted numerous visits from both public authorities and representatives of the local community. Among these we mention the official visit of Mayor of Aosta and the representatives of the Municipality of the capital and the visit of the President of the Regione Valle d’Aosta and of the Regional Councilors. A more financially and economically oriented visit was organized for the visit of Banks and Financial Institutes representatives.

# Gifts, donations and sponsorships

Cogne stands by the communities with the aim of promoting the socio-economic development of the territory, also through the support of cultural and social initiatives and the dissemination of sport as an instrument of cohesion. Particular attention is paid to events and projects that have distinctive characteristics or that are rooted in the local areas and to initiatives related to corporate values that represent an opportunity to convey messages, consistent with Cogne's guidelines, and have a constructive impact on social life. In 2022, the Company spent over 230.000 Euro in the following projects.



## Cogne and sports

For over a century Cogne have been operating according to the principles of social responsibility. These values are a key factor in our success and growth and demonstrate our understanding of how we can positively influence the life of the community in which we operate. For us, sport is not only a game but a fundamental resource for the development and growth of everyone. The value of sport, of loyalty and healthy competition and the undeniable positive effects in maintaining a healthy lifestyle make us want to promote physical activity, especially for the younger generations.

In 2022 we renewed our support through sponsorships to the Olimpia Gymnastics Club, the CCS Cogne Volleyball, the CCS Cogne Atletica, the ASD Rouge et Noir (basketball), the Gym Aosta club, the Cicli Benato association and the Lupi mountain bike sports group, which includes the young world champion Gaia Tormena.

### SUGAR TRAIL

In June 2022 Cogne was among the sponsors of the first edition of a non-competitive sporting event, dedicated to an awareness campaign against diseases such as diabetes and celiac disease, called Sugar Trail and promoted by young people affected by these pathologies.

### DONATIONS

In 2022 Cogne renewed its commitment to solidarity initiatives. In particular, the Board of Directors approved a specific donation of Euro 200.000 intended to give support to initiatives for supporting families in difficulty. The activity was carried out through a Fondazione Comunitaria which managed the support, also through interventions in conflict areas in Europe.

Specifically for the Holiday Season in 2022, the company decided to allocate the gift packages received by the company to the local Food Bank which distributes food to the families who are in conditions of poverty in Valle d'Aosta.



# **OUR SUPPLIERS**

The supply chain is considered as an integral part of the sustainability process since the products and services purchased impact the quality of services offered and Cogne's reputation.

Cogne, which has always been attentive to its impact on the environment and on the communities, is also committed to monitoring and reducing its indirect impacts, through the

adoption of policies for the selection and control of the supply chain.

With the aim of pursuing a growth strategy based on the values of its Code of Ethics and committed to achieving the Sustainable Development Goals of the UN 2030 Agenda, the Company adopts a structured procurement process that is consistent with the principles of free competition, equal treatment, non-discrimination, transparency, proportionality and publicity, as well as inspired by compliance with regulations on human and workers' rights, health and safety, and environmental protection, to which the utmost importance is given.

The process is also based on the traceability of information, in order to guarantee the best

competitive dynamics aimed at effectiveness and efficiency and the Supplier Register, divided into product cat-

egories which are functional to business needs, allow for better monitoring of the supply chain.

The Procurement Portal constitutes an important opportunity for economic operators interested in becoming suppliers of the company, by increasing opportunities for involvement. To guarantee absolute transparency and disclosure concerning engagement rules, the rules for admission to the Supplier Register, the participation rules and the general conditions of use for the platform are published on the Portal.

All parties involved in any capacity in the procurement process are required, each within the scope of their jurisdiction, to scrupulously comply with the provisions of the law, the Code of Ethics, Model 231 and Company procedures, particularly concerning the transparency and traceability of transactions and the confidentiality of any information they become aware.

# Qualification, selection and monitoring of suppliers

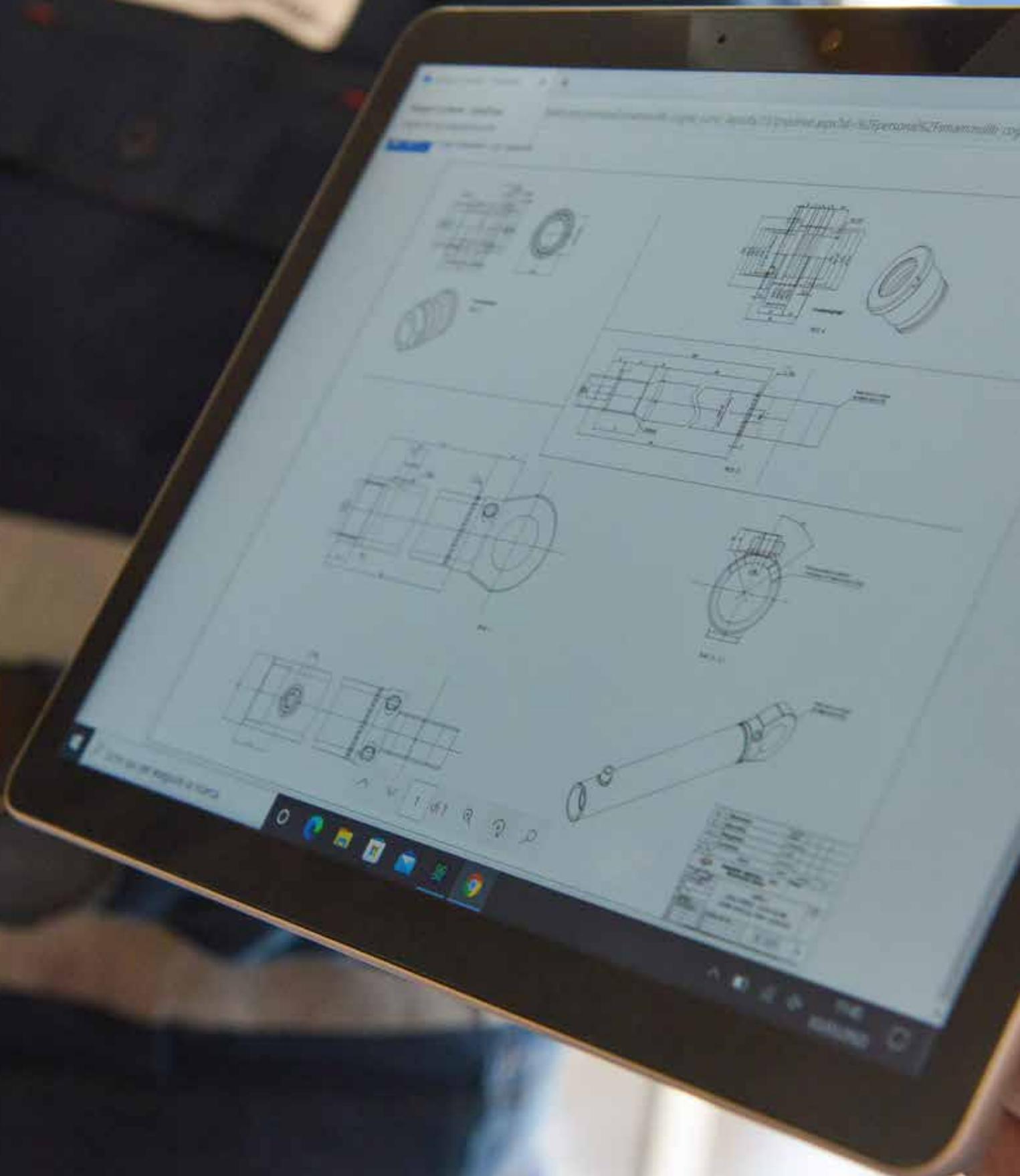
The supplier qualification system of Cogne aims to guarantee that products, services and works are able to ensure quality and reliability. The supplier selection and management process is based on the principles of transparency, clarity, integrity and non-discrimination. The qualification process considers not only qualitative aspects but also those relating social and environmental issues and compliance with the principles and values contained in the Code of Ethics, which must be accepted by all bidders, without the possibility of making exceptions or changes.

## Special Projects

The Purchase and Procurement Department was focused in 2022 on several projects with direct impact on the waste footprint the company has.

Metallic scale	In 2022 we destined for sale, rather than disposal, a total of 3300 tons of metallic scale. This material (with code CER 10.02.10) can be reused in production processes as a type of scrap and comes from our following processes/production plants: continuous casting, forge and rolling mills, respectively in the percentages of 15%, 35% and 50% approx.
Recovery of flue dust and swarf	Cogne's production process generates flue dust (code CER 10.02.07) and swarf (CER 12.01.02), which would need to be disposed of. The chemical analyzes of these materials show relevant quantities of Cr, Ni and Mo; therefore, it was decided to stipulate an annual contract (with possible subsequent renewals) for the treatment of these residues and their conversion into "bricks" of metallic material that can be used as scrap in steelmaking processes similar to ours. This contract provides for an annual shipment of approximately 4.500 tons of total material to be treated and the typical metal conversion rate is around 38% by weight.
Slag reuse	Cogne continued to use in 2022 slag produced on site a properly inerted into a cement mixture to fill the pits in the scrap yard. The project forecast a total volume of 15.400 m3 to be fill in with locally recovered scrap.

Logo on a dark blue jacket, featuring the word "COPPE" in red, stylized letters on a light-colored rectangular patch.



# **INNOVATION AND DIGITALISATION**



Innovation in Cogne is central to the strategic choices and the definition of the products offered. The Investment Plan 2022 – 2024 provides for over 3,6 million euro of investments in new technologies and digitalization which will be carried out, over the course of the plan, in the development of all sectors of operation, with the aim of enabling the company to perform at its best.

Considering the macro-trends on which the Business Plan is based – decarbonization, production efficiency, circular economy, energy efficiency and safeguarding of natural resources – the main innovation activities are aimed at researching and adopting technologies and processes to support the sustainable development of Cogne. In 2022 the company and its employees realized innovation projects that cover Health and Safety, Environment, Innovation, Process efficiency and Innovation.

## HEAT TREATMENT MODELING

The definition of heat treatment times on stainless steels, when not punctually indicated by legislation, is based on experience, typically linked to the maximum size of the material in the furnace (diameter). This approach can lead to errors, with a dispersion of the mechanical characteristics imparted to the material as well as a disoptimization of the systems. As part of the heat treatments of a specific grade for aerospace, the treatments on a furnace were specifically monitored for more than a year using contact thermocouples. The data obtained were then correlated by the Team with the information on the material in the kiln and a specific model was developed using statistical techniques that identify the heat treatment time. This model has a much higher reliability rate than just considering the diameter of the material. The model was presented at the AIM Convention on Heat Treatments in Genoa 2022.

Category	Name	Description
Process Efficiency	Cost reduction on machine testing centers	<p>The necessary equipment to perform the testing was previously stocked only in the warehouse with lengthy downtime and possible occurrences of out of stock. The working group has implemented a project that includes:</p> <p>The preparation of two cabinets identifying the codes of the material and organizing it according to the Kanban logic</p> <p>The labeling of materials with barcode that include description and position in the cabinet and in the warehouse. If the last available piece is taken, the corresponding label is left in the appropriate tag holder so that an designated operator refills the items</p> <p>The project will be extended to the entire RETTIFICHE department.</p>
Innovation	Automatic anti-mixing controls	<p>The bars produced by a peeling line were first manually spectralized by an operator downstream of the process and before the packaging stage. Grade recognition was performed by shift personnel using as reference the casting analyzes and their experience with the tracers of the grade.</p> <p>The new in-line automatic anti-mixing system made possible to reduce the lead time by one full working day, performing 100% control of all the material processed and consequently causing a saving of 0.32 in terms of FTE.</p> <p>An algorithm based on "machine learning" techniques was specifically and internally developed by working group; the algorithm, based on the analysis of the elements detected by the instrument, recognizes and assign the correct grade, eliminating the human factor resulting from the interpretation of the operator.</p>
Process Efficiency	Improved performance and productivity of critical electrodes	<p>Specific grades in development showed critical cycles with high deviation in final testing, rolling waste, low productivity. The group carried out a series of tests that made it possible to identify specific changes to the production cycle. These innovations increased the vertical yield and realized consistent savings.</p>
Process Efficiency	Reduction deviated bars / wire rod	<p>Peeled duplex bars from wire rod lamination registered nonconformity for superficial defects. Inspections and problem-solving activities carried out on the rolls after lamination identifies that the defects were generated by the iron banding used for the latching of the wire rod. A new material was then positively tested and after positive results is now standard practice.</p>
Safety	Rolling machine soundproof booth	<p>The rolling machine did not have a noise abatement system. the team designed and built a custom insulation soundproof booth that reduce the noise level by 8% through. The activities continue with the aim of further optimizing the acoustic impact of the system.</p>

Category	Name	Description
Environment	Emissions Macro Dpt – Quality	The macro Dpt is equipped with a chimney that is not under legal emissions limit. The Team intervened through maintenance activities of the external carpentry, installation of a demister and monitoring of emissions, definition and validation of a maintenance plan which led to optimized sampling on an annual basis.
Environment	Separation of roots from ingot casting	<p>Ingot casting generates mixed recoveries of steelworks, defined as "roots". Before the improvement project, this material was not separated by recovery code but was generically included in the "leakage" item.</p> <p>Through the preparation of special tags the Teams implemented a system that allows the marking of the plates according to the cast grades. The separation process into specific categories lead consequently to optimization of the reuse made by the Raw Material Dpt</p>
Housekeeping	Lean 5S implementation in Forge area	<p>The team intervened in an area that had old layout and was poorly kept and lack of spaces optimization.</p> <p>Through the removal of old machinery and other housekeeping projects, the area now appears more functional and with a clear layout.</p>
housekeeping	Reorganization of TVB tunnels and replacement of spare parts	The rolling mill underground tunnels are also used as storage for spare parts. Following other activities realized in recent years the team carried out an inventory and classification of spare parts in collaboration with the central warehouse, out of stock and storage points were redesigned.
Health & Safety	New LF disconnect	The power disconnection of the transformer of the LF system was carried out in collaboration with personnel in Cabina Collettrice or with the Emergency Response Team. Although the procedure was not in itself complex, it involved the lengthening of the operation. To allow prompt reaction from the steel shop maintenance team, visible bars were created that allow to safely operate cutting down times.
Health & Safety	Cargo handling with bridge crane	<p>Cargo handling required the proximity of and operator with consequent risks for safety, especially in case of large cargo.</p> <p>The Team worked on the installation of radio controls thus allowing the handling maneuvers from a safe distance as well as easier slinging. In 2022, the activities involved over 60 bridge cranes plant and the technical specifics are now mandatory for crane purchases.</p>



# Digitalization

Digitalization and computerization are among the enabling levers that will allow Cogne to grow in line with the objectives stated in the Business Plan, which envisages a significant increase in investments (around 2 million Euro) and operating costs (around 1,5 M€) to support the company's digital transformation and development process.

Investments will be dedicated to technological initiatives to:

- raise levels of cybersecurity;
- consolidate the transition to a data-driven approach by adopting a new organizational model that supports processes and effective data management;
- consolidate the business continuity strategy, through the progressive divestment of servers in favor of the use of data centers that guarantee continuity, thanks to data centers redundancy, and of the cloud for greater flexibility;

A number of actions in different areas to improve operational efficiency were initiated and continued in 2022:

- the introduction of digital tools, such as on-board computers on industrial vehicles (carricavaliere), use of tablets and to make it possible to optimize plant logistics.

- The substitution of paper based check list with electronical check list for Lean audits and Security audit
- the review and standardization of the processes and information systems supporting the activities of the management.
- the design and development of an internal platform that aggregates access to all main IT tools (Coordinator) for the entire management and employees.

In telecommunications, 2022 also saw a major increase in bandwidth usage for internet connections, especially to cloud providers. Technological upgrading of the main network nodes was planned and the network backbone equipment was/started to be/will be replaced. The replacement of security equipment with new firewalls was completed, both to improve network traffic control and to comply with new regulations.

Equipment upgrades are conducted with the goal of improving perfor-



mance, cybersecurity, and monitoring, control, and resiliency mechanisms.

With the aim of bringing the outside closer to what is inside, Cogne upgraded its website. The new online company's showcase is aimed to facilitates and optimizes the knowledge of the company and its products with new graphics and photographic images and video contributions, as well as with the reorganization and update of the contents. Lastly, through the Virtual tour, a project within a project, the user can enter the company and discover the world of Cogne, its production process and its products and meet the managers who guide our activities.



# Cybersecurity

Particular attention is paid by Cogne to activities in the field of cybersecurity, thanks to the definition and adoption of organizational models, procedures, security measures and technological tools to reduce vulnerabilities and mitigate threats. Given the importance of the issue, in 2022 Cogne has issued in draft a cyber risk policy that defines the principles, provides guidelines on the subject and outlines roles and responsibilities in order to achieve an adequate level of protection of information, starting with the technical and organizational actions identified that concern:

- identification, classification, and management of information and assets;
- cybersecurity awareness and culture;
- use of computing devices and software;
- access control;
- communications and systems security;
- information exchange and cooperation;
- cybersecurity incident management (to be done);
- relationships with third parties, also through periodic email to supplier also through periodic emails to suppliers with the aim of keeping attention high on cyber security issues.

Consistent with this approach, the ICT Department works to ensure the design of inherently secure systems, as well as monitoring (24 hours a day) and analyzing all cybersecurity events to ensure timely interventions in case of issues. In addition, the implementation of an enhanced authentication system for access to systems (Multi Factor Authentication, MFA) will be completed in 2023.



# **NOTE ON METHODOLOGY AND REPORTING BOUNDARY**

Cogne Acciai Speciali S.p.A. 2022 Sustainability Report refers to the period 1 January – 31 December 2022. The document was prepared in accordance with the Global Reporting Initiative (GRI) Standard: in accordance option. In order to guarantee the reliability of the information provided, the Report includes directly measurable quantities, thus limiting the use of estimates as much as possible. Estimated quantities are indicated as such. The calculations are based on the best information available or on sample surveys.

The Sustainability Report is prepared annually by the Sustainability and Corporate Affairs Department, in collaboration with all the several internal actors that manage material process, and that reports to the General Director and the Chief Executive Officer. The BoD approves the Draft in the same meeting it approves the draft of the Statutory Financial Statements. The draft of the Sustainability Report, stand alone report with respect to the financial statements, was approved by the Board of Directors together with the draft of the financial statements, on March 21st, 2023, assessing its completeness and consistency with the issues identified in the materiality analysis. The document was then au-

dated by the appointed auditor EY S.p.A. based on the principles and indications contained in ISAE3000 (International Standard on Assurance Engagements 3000 – Revised) of the International Auditing and Assurance Standards Board (IAASB). EY S.p.A. is also the company appointed to perform the legal audit of the Financial Statements of Cogne Acciai Speciali SpA.

Activities performed by external auditors evaluated the quality and credibility of the qualitative and quantitative data reported by Cogne Acciai Speciali in this document and also covered the identification process of material topics. Quantitative indicators not referring to any general or topic-specific disclosure of the GRI Standards, shown on the pages indicated in the Content Index, are not subject to limited review by EY S.p.A..



# **DATA AND PERFORMANCE INDICATORS**

## ECONOMIC PERFORMANCE

	Unit	2022	2021	2020
Revenues	k€	885.441	588.602	406.271
EBITDA	k€	62.978	64.010	12.709
Net Income	k€	29.239	28.807	4.423
Net Financial Position	k€	-119.406	-45.504	-68.091
Investments in Fixed Assets	k€	44.318	19.826	20.820
Finished products	ton	172.173	168.974	135.114

## ECONOMIC VALUE

Economic Performance (in euro)	2022	2021	2020
Revenues from sales and services	885.440.898	588.601.754	406.271.226
Change in inventories of work in progress	15.269.364	49.167.121	-5.058.713
Increases in fixed assets for internal works	-	-	-
Other revenues and income	45.789.299	9.332.809	4.307.363
Value of Production	946.499.561	647.101.684	405.519.876
Consumption of raw materials	558.632.764	361.844.094	214.835.748
"Changes in inventories of raw materials, consumables and supplies"	-617.020	-8.157.005	3.209.507
Energy	116.179.083	57.108.989	30.055.207
"Consumption of raw materials, consumables and supplies"	63.718.215	44.060.425	40.963.632
Costs for services	71.787.399	61.603.092	47.613.840
Costs for use of third-party assets	6.278.387	5.573.786	5.025.806
Provisions for risks	-	30.000	168.000
Other provisions and write-down	-	-	-
Other Operating Costs	3.982.243	3.207.217	828.998
Costs of Production	819.961.071	525.270.598	342.700.738
Gross added value	126.538.490	121.831.086	62.819.138
Financial income	2.069.476	190.756	12.156.340
Value adjustments to financial assets	-4.324.038	-4.789.330	2.151.414
Accessory performance balance	268.766	-340.505	-2.434.376
Extraordinary items balance	-	-	-
Gross global added value	124.552.694	116.892.007	74.692.516
Depreciation/Amortisation	23.350.550	22.016.450	16.420.894
Net Global Added Value	101.202.144	94.875.557	58.271.622

Added value Distribution (in euro)	2022	2021	2020
Wages and salaries	45.316.982	41.131.781	33.340.504
Employee Severance Indemnity	2.781.379	2.543.511	2.443.770
Other Costs	406.646	84.856	2.397.730
A - Employees	48.505.007	43.760.148	38.182.004
Income taxes	-87.946	3.564.024	-3.632.031
Social security costs	15.055.322	14.061.350	11.928.053
B - Public administration	14.967.376	17.625.374	8.296.022
Provisions	-	-	-
Retained earnings or losses carried forward	29.239.388	28.807.028	4.422.948
C - Company	29.239.388	28.807.028	4.422.948
Distributed Profit	-	-	-
Passive Financial Interests	8.490.372	4.683.007	7.370.648
D - Lenders	8.490.372	4.683.007	7.370.648
Net Global Added Value	101.202.143	94.875.557	58.271.622

## OCCUPATIONAL HEALTH AND SAFETY

Figures relating to all employees	2022	2021	2020
Accidents Frequency Index	13,47	14,44	9,5
Accidents Severity Index	0,48	0,51	0,54
Total hours worked	1.856.630	1.800.486	1.578.473
Total number of accidents	25	26	15
of which major accidents (accidents causing more than 6 months' absence)	1	0	1
Total number of fatal accidents	0	0	0
Total number of recordable accidents*	25	26	15

\* Includes accidents that forced the worker to stay home for less than 3 days

Figures relating to all employees	2022	2021	2020
Number of occupational illnesses reported	-	-	-
Number of occupational illnesses recognised	-	-	-
Number of deaths resulting from occupational illnesses	-	-	-

Figures relating to all workers (excluding employees) whose work or place of work is controlled by the organisation	2022	2021	2020
Total hours worked	632.543	679.172	476.243
Total number of accidents	22	12	13

Figures relating to all workers (excluding employees) whose work or place of work is controlled by the organisation	2022	2021	2020
of which major accidents (accidents causing more than 6 months' absence)	-	-	-
Total number of fatal accidents	-	-	-
Total number of recordable accidents *	22	12	13

\* Includes accidents that forced the worker to stay home for less than 3 days

Figures relating to all workers (excluding employees) whose work or place of work is controlled by the organisation	2022	2021	2020
Number of occupational illnesses reported	-	-	-
Number of occupational illnesses recognised	-	-	-
Number of deaths resulting from occupational illnesses	-	-	-

Employees	2022	2021	2020
Recordable accidents frequency index	13,47	14,44	9,50
Major accidents frequency index	0,539	-	0,63

External workers	2022	2021	2020
Recordable accidents frequency index	34,80	17,67	27,30
Major accidents frequency index	-	-	-

## EMISSIONS

Inquinante (in kg)	2022	2021	2020
NOx	226.149	278.086	259.440
SOx	853	1.149	1.458
Dust	5.477	6.863	11.326

Other significant emission categories (see AIA) (in Kg)	2022	2021	2020
HF	1.202,89	923,00	1.210,21
PCDD/F	0,000	0,000	0,000
Ni	15,23	5,86	10,28
Cr	17,01	9,12	12,56
Zn	59,83	56,48	46,03

The data correspond to elaborations for the 2020/2021/2022 AIA Monitoring and Control Plan and are include emissions reported for PRTR purposes.

The data do not include the activities of the Cornaredo (MI) and Venice sites.

## GREENHOUSE GAS EMISSIONS

Greenhouse Gas Emissions (in tCO <sub>2</sub> eq)	2022	2021	2020
Emissions Scope 1	99.937	105.765	92.379
of which in ETS	99.021	104.847	91.537
"of which non-ETS (fuel for company vehicles, LPG for heating and maintenance Methane of Cornaredo)"	916	918	841
Scope 2 emissions (Location-Based)	85.759	86.169	75.794
Scope 2 emissions (Market-Based)	92.225	93.230	91.428
Total emissions (Scope 1 + Scope 2 Location-Based)	185.696	191.934	168.172

The data do not include activities at the Cornaredo (MI) and Venice sites, whose emissions are 1.594 tCO<sub>2</sub> for Scope 1 and 93 tCO<sub>2</sub> for Scope 2

## ENERGY

Consumption of fuel from non-renewable sources by type	Unit	2022	2021	2020
Natural gas Aosta	m <sup>3</sup> /year	43.668.818	45.341.863	40.196.083
Methane Cornaredo site (MI)	m <sup>3</sup> /year	5.689	5.905	5.995
Methane Padua site (PD)	m <sup>3</sup> /year	-	-	-
Diesel	l/year	287.807	265.104	209.205
Petrol	l/year	2.854	1.783	4.330
Diesel fuel from company cars	l/year	63.616	56.600	43.185
Petrol from company cars	l/year	621	112	170
Other (LPG)	Ton	2	9	16
Consumption of fuel from non-renewable sources by type	Unit	2022	2021	2020
Natural gas Aosta	m <sup>3</sup> /year	1.540.680	1.599.706	1.418.158
Methane Cornaredo site (MI)	m <sup>3</sup> /year	200	208	211
Methane Padua site (PD)	m <sup>3</sup> /year	-	-	-
Diesel	l/year	10.558	9.725	7.535
Petrol	l/year	90	56	137
Diesel fuel from company cars	l/year	2.291	2.038	1.555
Petrol from company cars	l/year	22	4	5
Other (LPG)	Ton	91	404	732
Indirect energy consumption	Unit	2022	2021	2020
Electricity (from the grid) Aosta	kWh/year	272.075.859	273.386.883	225.411.384

Indirect energy consumption	Unit	2022	2021	2020
"- of which covered by green certificates (Source Guarantee)"	kWh/year	77.800.000	70.080.000	29.332.000
Electricity Cornaredo (MI)	kWh/year	116.227	117.370	29.332.000
- of which covered by green certificates (Source Guarantee) - Cornaredo	kWh/year	116.227	117.370	-
Electricity Padua	kWh/year	-	-	123.358
Electricity Venice	kWh/year	59.188	44.459	41.536
- of which covered by green certificates (Source Guarantee) - Venezia	kWh/year	59.188	44.459	-

Following the acquisition of Cogne Distribuzione Italia S.r.l. by Cogne Acciai Speciali S.p.A., the energy figures include the figures of the sites of Cornaredo (MI), Padua (PD) only 2019 and Venice

Energy Produced	Unit	2022	2021	2020
Amount of heat transferred from Cogne to Telcha	Mwh	21.882	25.617	17.336
Quantity of natural gas saved through heat released	Sm3	2.326.545	2.490.139	1.831.809
Quantity of CO2 saved due to the heat released	KgCO2	4.459.571	4.940.436	3.511.250

## WATER WITHDRAWALS AND DISCHARGE

Water withdrawal by source (in Mm3)	2022	2021	2020
Total withdrawal from surface water, including use of rainwater	-	-	-
of which freshwater ( $\leq 1,000$ mg/L total dissolved solids)	-	-	-
of which other water ( $>1,000$ mg/L total dissolved solids)	-	-	-
Total withdrawal from groundwater (e.g. wells)	12.583	12.792	11.569
of which freshwater ( $\leq 1,000$ mg/L total dissolved solids)	12.583	12.792	11.569
of which other water ( $>1,000$ mg/L total dissolved solids)	-	-	-
Total withdrawal from third parties (e.g. waterworks)	1,43	-	-
of which freshwater ( $\leq 1,000$ mg/L total dissolved solids)	1,43	-	-
of which other water ( $>1,000$ mg/L total dissolved solids)	-	-	-
Total Water Withdrawal	12.584	12.792	11.569

Water discharge by destination (in Mm3)	2022	2021	2020
Total water discharge	10.900	12.701	11.380
Water discharge to surface water	10.899	12.701	11.380

Water discharge by destination (in Mm3)	2022	2021	2020
Water discharge to groundwater	-	-	-
Water discharge to third-party water	1,43	-	-
of which third-party water sent for use by other organisations	-	-	-

Water discharge (freshwater or other water) (in Mm3)	2022	2021	2020
Total water discharge	10.899	12.701	11.380
of which freshwater ( $\leq 1,000$ mg/L total dissolved solids)	10.899	12.701	11.380
of which other water ( $>1,000$ mg/L total dissolved solids)	-	-	-

Water discharge (treatment level) (in Mm3)	2022	2021	2020
No treatment	57	96	135
Screening pre-treatment then sedimentation	10.842	12.605	11.245
Chemical precipitation	10.842	12.605	11.245
Instances when discharge limits were exceeded	-	-	-

Water consumption (in Mm3)	2022	2021	2020
Total water withdrawal	12.584	12.792	11.569
Total water discharge	10.899	12.701	11.380
Total water consumption	1.685	91	189

The data refers only to the Aosta site + Cornaredo and Mirano data for withdrawals. Discharge data of Cornaredo and Mirano not available and therefore assumed to be equal to withdrawals. It should be noted that the total water withdrawal includes water withdrawal for industrial use and water withdrawal for fire-fighting/drinking use.

Cogne's water withdrawal and Water discharge is fresh water ( $\leq 1,000$  mg/L total dissolved solids). Water withdrawal and discharge areas do not fall within water stress areas (Source: Aqueduct Water Risk Atlas (wri.org)).

## HUMAN RESOURCES

Workers who are not employees by contract (nr.)	2022	2021	2020
Internship	3	10	6
Temporary workers	-	-	14
Self-employed	5	6	6
<b>Workers who are not employees (nr)</b>	<b>8</b>	<b>16</b>	<b>26</b>

Breakdown of employees by category and gender at 31/12 (no) 1	2020			2021			2022		
	Total	Women	%	Total	Women	%	Total	Women	%
Executives	10	1	10%	12	2	17%	14	2	14%
White collars	285	59	21%	294	61	21%	314	65	21%
- of which protected category	9			9			9		
Blue collars	657	1	0%	741	2	0%	737	1	0%
- of which protected category	35			29			29		
<b>Total employees at 31/12 by category and gender</b>	<b>952</b>	<b>61</b>	<b>6%</b>	<b>1.047</b>	<b>65</b>	<b>6%</b>	<b>1.065</b>	<b>68</b>	<b>6%</b>
of which protected category	44			38			38		

1 Excluding the interruptions of 31/12, the data for 2021 are: 1,045 in total, of which 980 men (904 with permanent contracts and 76 with fixed-term contracts) and 65 women, of which 3 with fixed-term contracts. The data for 2022 are: 1,062 in total, of which 994 men (948 with permanent contracts and 46 with fixed-term contracts) and 68 women, of which 1 with fixed-term contracts.

Breakdown of employees by type of contract and gender at 31/12 (no)	2020			2021			2022		
	Total	Women	%	Total	Women	%	Total	Women	%
Employees with permanent contracts	943	59	6%	968	62	6%	1.016	67	7%
Employees with fixed-term contracts	9	2	22%	79	3	4%	49	1	2%
On-call	-	-	-	-	-	-	-	-	-
<b>Total employees by type of contract and gender</b>	<b>952</b>	<b>61</b>	<b>6%</b>	<b>1.047</b>	<b>65</b>	<b>6%</b>	<b>1.065</b>	<b>68</b>	<b>6%</b>
Full-time	949	59	6%	1.045	63	6%	1.064	67	6%
Part-time	3	2	67%	2	2	100%	1	1	100%
<b>Total employees by type of contract and gender</b>	<b>952</b>	<b>61</b>	<b>6%</b>	<b>1.047</b>	<b>65</b>	<b>6%</b>	<b>1.065</b>	<b>68</b>	<b>6%</b>

Breakdown of employees by age group and gender (no)	2020			2021			2022		
	Total	Women	%	Total	Women	%	Total	Women	%
< 30	83	7	8%	126	7	6%	87	3	3%
30 to 50	599	39	7%	652	42	6%	718	47	7%
> 50	270	15	6%	269	16	6%	260	18	7%
<b>Total of employees by age group and gender</b>	<b>952</b>	<b>61</b>	<b>6%</b>	<b>1.047</b>	<b>65</b>	<b>6%</b>	<b>1.065</b>	<b>68</b>	<b>6%</b>

Hires by age group and gender (nr)	2020			2021			2022		
	Total	Women	%	Total	Women	%	Total	Women	%
< 30	79	2	3%	86	2	2%	59	2	3%
30 to 50	111	3	3%	115	1	1%	92	2	2%
> 50	-	-	0%	5	1	0%	3	2	0%
<b>Total Hires by age group and gender</b>	<b>190</b>	<b>5</b>	<b>3%</b>	<b>206</b>	<b>4</b>	<b>2%</b>	<b>154</b>	<b>6</b>	<b>4%</b>

Termination by age group and gender (nr)	2020			2021			2022		
	Total	Women	%	Total	Women	%	Total	Women	%
< 30	57	1	2%	16	-	0%	40	1	3%
30 to 50	110	3	3%	58	-	0%	85	2	2%
> 50	36	1	0%	39	1	0%	14	1	0%
<b>Total Termination by age group and gender (nr)</b>	<b>203</b>	<b>5</b>	<b>2%</b>	<b>113</b>	<b>1</b>	<b>1%</b>	<b>139</b>	<b>4</b>	<b>3%</b>

The values take into account all employees who have left the company and the reactivations of fixed-term contracts for the same person are included in the data on new hires and terminations.

Governing Body	2020			2021			2022		
	Total	Women	%	Total	Women	%	Total	Women	%
< 30	-	-	0%	-	-	0%	-	-	8%
30 to 50	-	-	0%	-	-	0%	2	1	3%
> 50	6	1	17%	6	1	17%	7	1	8%
<b>Total</b>	<b>6</b>	<b>1</b>	<b>17%</b>	<b>6</b>	<b>1</b>	<b>17%</b>	<b>9</b>	<b>2</b>	<b>5%</b>

## TRAINING

Total hours of training by category (hours)	2020	2021	2022
Executives	268	1.331	817
Managers	697	1.081	1.436
White collars	2.816	6.689	13.658
Blue collars	4.016	10.849	18.486
<b>Total hours of training</b>	<b>7.797</b>	<b>19.950</b>	<b>34.397</b>
Total hours of training by gender (hours)	2020	2021	2022
Women	529	1.188	3.004
Men	7.268	18.762	31.393
<b>Total hours of training</b>	<b>7.797</b>	<b>19.950</b>	<b>34.397</b>
Women at 31/12	61	65	68
Men at 31/12	891	982	997
<b>Total employees</b>	<b>952</b>	<b>1.047</b>	<b>1.065</b>
Hour of training per capita for woman	8,67	18,28	44,18
Hour of training per capita for man	8,16	19,11	31,49
Hour of training per capita	8,19	19,05	32,30

## PROCUREMENT PRACTICES

Spending on local suppliers (in euros and %)	2022	2021	2020
Total procurement budget spent on suppliers	594.013.169	537.381.196	353.588.180
Total procurement budget spent on local suppliers	27.076.199	20.825.685	19.965.658
Percentage of procurement budget spent on local suppliers	5%	4%	6%

## MATERIALS

Raw Materials (ton)	2022	2021	2020
Scrap	135.082	157.952	99.705
Coke	409	1.620	1.172
Alloys	25.690	21.396	16.360
Ferrous alloys	34.407	37.138	30.563
Lime	23.685	23.114	18.114

Materials used in the processes (ton)	2022	2021	2020
Fluxes	3162	2.178	1.479
Oxygen	1260	1.514	1.283
Inert gases (nitrogen and argon) m3	4.051.254	3.599.805	3.007.826

Materials that are needed for production processes but are not part of the final product, such as lubricants for machinery

## WASTE

Waste in ton	2022	2021	2020
Total hazardous waste generated	13.001	14.398	11.271
- of which sent for recovery	4.581	5.181	3.122
- of which sent for disposal (e.g. landfill, waste-to-energy, etc.)	8.420	9.217	8.149
"- of which stored on site (temporary storage and/or storage activities)"	-	-	-
Temporary storage and/or storage from previous year	-	-	-
<b>Total non-hazardous waste generated:</b>	<b>83.651</b>	<b>76.182</b>	<b>60.201</b>
- of which sent for recovery	29.618	25.001	12.051
- of which sent for disposal (e.g. landfill, waste-to-energy, etc.)	54.033	51.181	48.149
"- of which stored on site (temporary storage and/or storage activities)"	-	-	-
Temporary storage and/or storage from previous year	-	-	-
<b>Total hazardous and non-hazardous waste</b>	<b>96.652</b>	<b>90.580</b>	<b>71.471</b>

The figures include activities of the Cornaredo (MI), Padua and Venice sites.

Total Waste Generated 306-3 (ton)	2022	2021	2020
Total Waste Generated 306-3	96.652	90.581	71.471
Total non-hazardous	83.651	76.182	60.201
Total Hazardous	13.001	14.398	11.271

"Composition and type of waste (ton)"	2022							
	Sent to recovery				Sent for disposal			
	Sent for reuse	Sent for recycling	Sent for other recovery activities	"Total sent for recovery (306-4)"	Sent for incineration (with energy recovery)	Sent to landfill	Sent for other disposal operations	"Total sent for disposal (306-5)"
<b>Total non-hazardous waste</b>	-	<b>7.459,55</b>	<b>22.158,63</b>	<b>29.618,18</b>	<b>8,66</b>	<b>54.022,39</b>	<b>1,76</b>	<b>54.032,81</b>
Paper	-	-	-	-	-	-	-	-
Plastic	-	36,42	-	36,42	-	-	-	-
Aluminium	-	-	-	-	-	-	-	-
Iron and steel	-	3.666,85	-	3.666,85	-	-	-	-
Wood	-	472,98	-	472,98	-	-	-	-
Steelshop Slug	-	-	11.702,00	11.702,00	-	54.014,59	-	54.014,59
Slug	-	3.283,30	49,72	3.333,02	-	-	-	-
Other	-	-	10.406,91	10.406,91	8,66	7,80	1,76	18,22
<b>Total Hazardous waste</b>	-	-	<b>4.581,11</b>	<b>4.581,11</b>	-	-	<b>8.419,95</b>	<b>8.419,95</b>
Fume abatement particulate	-	-	4.443,78	4.443,78	-	-	399,90	399,90
Wastewater treatment sludge	-	-	-	-	-	-	6.449,81	6.449,81
Absorbents, filter materials	-	-	1,28	1,28	-	-	219,06	219,06
Sludge thickener TAF	-	-	6,70	6,70	-	-	185,48	185,48
Other	-	-	129,35	129,35	-	-	1.165,70	1.165,70
<b>Total Waste</b>	-	<b>7.459,55</b>	<b>26.739,74</b>	<b>34.199,28</b>	<b>8,66</b>	<b>54.022,39</b>	<b>8.421,71</b>	<b>62.452,76</b>

"Composition and type of waste (ton)"	2021							
	Sent to recovery				Sent for disposal			
	Sent for reuse	Sent for recycling	Sent for other recovery activities	"Total sent for recovery (306-4)"	Sent for incineration (with energy recovery)	Sent to landfill	Sent for other disposal operations	"Total sent for disposal (306-5)"
<b>Total non-hazardous waste</b>	-	<b>7.877,41</b>	<b>17.124,38</b>	<b>25.001,79</b>	-	<b>51.180,59</b>	-	<b>51.180,59</b>
Paper	-	-	-	-	-	-	-	-
Plastic	-	37,08	-	37,08	-	-	-	-
Aluminium	-	8,16	-	8,16	-	-	-	-
Iron and steel	-	7.368,51	246,40	7.614,91	-	-	-	-
Wood	-	463,66	-	463,66	-	-	-	-
Steelshop Slug	-	-	-	-	-	289,18	-	289,18
Slug	-	-	10.000,00	10.000,00	-	50.829,14	-	50.829,14
Other	-	-	6.877,98	6.877,98	-	62,27	-	62,27
<b>Total Hazardous waste</b>	-	-	<b>5.181,45</b>	<b>5.181,45</b>	-	-	<b>9.216,87</b>	<b>9.216,87</b>
Fume abatement particulate	-	-	5.068,44	5.068,44	-	-	355,96	355,96
Wastewater treatment sludge	-	-	-	-	-	-	7.204,36	7.204,36
Absorbents, filter materials	-	-	-	-	-	-	168,36	168,36
Sludge thickener TAF	-	-	-	-	-	-	197,42	197,42
Other	-	-	113,01	113,01	-	-	1.290,77	1.290,77
<b>Total Waste</b>	-	<b>7.877,41</b>	<b>22.305,83</b>	<b>30.183,24</b>	-	<b>51.180,59</b>	<b>9.216,87</b>	<b>60.397,46</b>

"Composition and type of waste (ton)"	2020							
	Sent to recovery				Sent for disposal			
	Sent for reuse	Sent for recycling	Sent for other recovery activities	"Total sent for recovery (306-4)"	Sent for incineration (with energy recovery)	Sent to landfill	Sent for other disposal operations	"Total sent for disposal (306-5)"
<b>Total non-hazardous waste</b>	-	<b>3.652,45</b>	<b>8.398,75</b>	<b>12.051,20</b>	-	<b>47.767,92</b>	<b>381,43</b>	<b>48.149,35</b>
Paper	-	-	-	-	-	-	-	-
Plastic	-	36,90	0,60	37,50	-	-	-	-
Aluminium	-	0,18	-	0,18	-	-	-	-
Iron and steel	-	3.221,27	2.725,62	5.946,89	-	-	-	-
Wood	-	381,04	-	381,04	-	-	-	-
Steelshop Slug	-	-	-	-	-	-	360,86	360,86
Slug	-	-	-	-	-	47.763,64	-	47.763,64
Other	-	13,06	5.672,53	5.685,59	-	4,28	20,57	24,85
<b>Total Hazardous waste</b>	-	-	<b>3.122,03</b>	<b>3.122,03</b>	-	-	<b>8.148,59</b>	<b>8.148,59</b>
Fume abatement particulate	-	-	2.983,64	2.983,64	-	-	251,92	251,92
Wastewater treatment sludge	-	-	-	-	-	-	5.246,84	5.246,84
Absorbents, filter materials	-	-	-	-	-	-	79,75	79,95
Sludge thickener TAF	-	-	-	-	-	-	207,70	207,70
Other	-	-	138,39	138,39	-	-	2.362,18	2.362,18
<b>Total Waste</b>	-	<b>3.652,45</b>	<b>11.520,78</b>	<b>15.173,23</b>	-	<b>47.767,92</b>	<b>8.530,02</b>	<b>56.297,97</b>

## COMPLIANCE WITH LAWS AND REGULATIONS

Description of the infraction (in euro)	2022	2021	2020
Industrial water discharge (cabina REMI)	2.500,00	-	-
Delayed registration of hazardous waste load	-	-	31.000,00
Particulate air emission limits exceeded E19	-	6.500,00	-
Personal protective equipment UHP department	1.842,75		
Sandblasting system filter fire	1.597,06		

The sanctions are of an administrative nature. In the three-year period 2020-2022 there were no non-monetary sanctions imposed and no legal actions taken against the organisation through dispute resolution mechanisms

# CONTENT INDEX

<b>Statement of Use</b>	Cogne Acciai Speciali SpA has reported the information cited in this GRI content index for the period 01/01/2022 - 31/12/2022 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(S)</b>	No applicable GRI Sector Standards

"Gri standard / other source"	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>General Disclosure</b>					
"GRI 2 - Informative Generali - versione 2021"	2-1 Organizational Details	Cogne: business model			
	2-2 Entities included in the organization's sustainability reporting	Cogne: business model			
	2-3 Reporting period, frequency and contact point	Note on Methodology and Reporting Boundary			
	2-4 Restatements of information	New hires and contract terminations			
	2-5 External assurance	Note on Methodology and Reporting Boundary			
	2-6 Activities, value chain and other business relationships	Product and Sectors - The Production Process			
	2-7 Employees	Our People / Human Resources in Numbers / Data and Performance Indicators			
	2-8 Workers who are not employees	Data and Performance Indicators			
	2-9 Governance structure and composition	Cogne: business model			
	2-10 Nomination and selection of the highest governance body	Cogne: business model			
	2-11 Chair of the highest governance body	Cogne: business model			

"Gri standard / other source"	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>General Disclosure</b>					
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors			
	2-13 Delegation of responsibility for managing impacts	Board of Directors			
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance			
	2-15 Conflicts of interest	Board of Directors			
	2-16 Communication of critical concerns	Governance tools			
	2-17 Collective knowledge of the highest governance body	Board of Directors			
	2-18 Evaluation of the performance of the highest governance body	Board of Directors			
	2-19 Remuneration policies	-	a/b	Confidentiality constraints	The information is confidential and cannot be made public
	2-20 Process to determine remuneration	-	a/b	Confidentiality constraints	The information is confidential and cannot be made public
	2-21 Annual total compensation ratio	-	a/b/c	Confidentiality constraints	The information is confidential and cannot be made public
	2-22 Statement on sustainable development strategy	ONE COGNE - Channelling the power of cogne to create a better future			

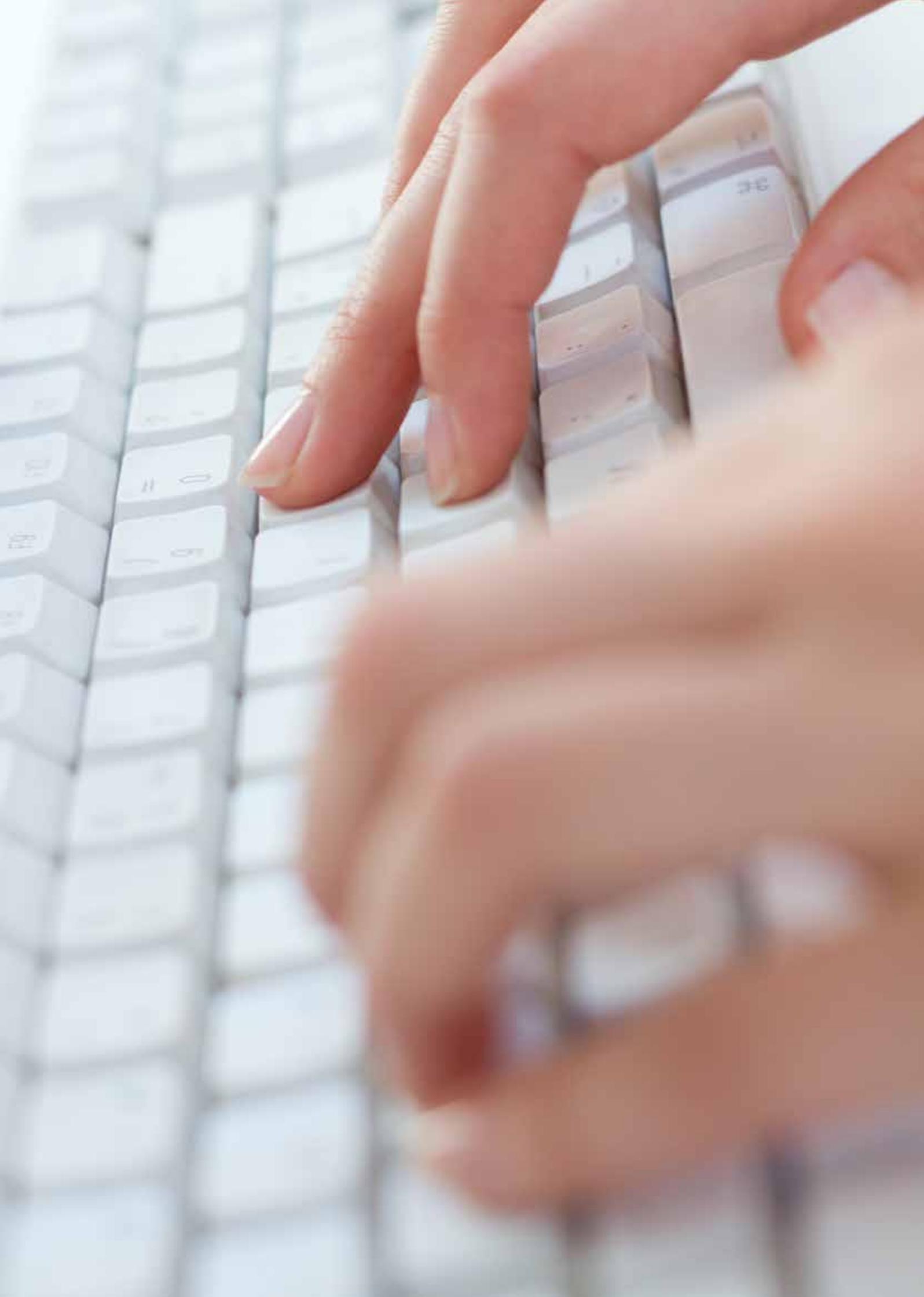
"Gri standard / other source"	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>General Disclosure</b>					
	2-23 Policy commitments	Governance tools - Protection of human rights - Corruption prevention - Policies for the environment and Investments			
	2-24 Embedding policy commitments	Governance tools			
	2-25 Processes to remediate negative impacts	Sustainability Governance - Governance tools			
	2-26 Mechanisms for seeking advice and raising concerns	Governance tools			
	2-27 Compliance with laws and regulations	Board of Directors - Board of Statutory Auditors - Code of Ethics - Protection of Human Rights - Certifies management Systems			
	2-28 Membership associations	Associations and networks of which the Company is a member			
	2-29 Approach to stakeholder engagement	Stakeholder engagement			
	2-30 Collective bargaining agreements	100% of non-executive employees are covered by the national collective labour Metalworker contract. For Executives, the National Contract for executives of Metalworking Companies applies			
<b>Material Topics</b>					
GRI 3: Temi materiali 2021	3-1 Process to determine material topics	Materiality Analysis			
	3-2 List of material topics	Materiality Analysis			
	3-3 Management of material topics	Materiality Analysis			

"Gri standard / other source"	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Energy and Climate Change</b>					
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 302 Energy 2016	302-1 Energy consumption within the organization	Energy management / Data and Performance Indicators			
<b>Occupational Health and Safety</b>					
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Certified management Systems - Safety Management System			
	403-2 Hazard identification, risk assessment, and incident investigation	Safety Management System			
	403-3 Occupational health services	Health Checks			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Safety Management System			
	403-5 Worker training on occupational health and safety	Safety Management System - Health and safety training			
	403-6 Promotion of worker health	Health Checks			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety Management System			
	403-8 Workers covered by an occupational health and safety management system	Safety Management System			
	403-9 Work-related injuries	Main indicators of safety and Investments			
	403-10 Work-related ill health	Main indicators of safety and Investments			
<b>Water Management</b>					

"Gri standard / other source"	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Management / Data and Performance Indicators			
	303-2 Management of water discharge-related impacts	Water Management / Data and Performance Indicators			
	303-3 Water withdrawal	Data and Performance Indicators			
	303-4 Water discharge	Data and Performance Indicators			
	303-5 Water consumption	Data and Performance Indicators			
<b>Air quality</b>					
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
"GRI 305: Emissions 2016"	305-1 Direct (Scope 1) GHG emissions	Energy Management - Greenhouse Gas Emissions			
	305-2 Energy indirect (Scope 2) GHG emissions	Energy Management - Greenhouse Gas Emissions			
	305-3 Other indirect (Scope 3) GHG emissions	-	a/b/c/d/e/f/g	Information not available / incomplete	Information not available
	305-4 GHG emissions intensity	Cogne: Business Model / Data and Performance Indicators			
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Air quality / Data and Performance Indicators			
<b>Consumption of raw materials</b>					
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Stainless Steel: the Sustainable Raw material / / Data and Performance Indicators			
<b>Waste Management</b>					

"Gri standard / other source"	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management / Special Projects			
	306-2 Management of significant waste-related impacts	Waste Management / Special Projects			
	306-3 Waste generated	Waste Management / Data and Performance Indicators			
	306-4 Waste diverted from disposal	Waste Management / Data and Performance Indicators			
	306-5 Waste directed to disposal	Waste Management / Data and Performance Indicators			
<b>Development of employees' skills</b>					
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 404 : Training and Education 2016	404-1 Average hours of training per year per employee	Training / Data and Performance Indicators			
<b>Stable working relationships</b>					
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 401 : Employment 2016	401-1 New employee hires and employee turnover	Our People / Data and Performance Indicators			
GRI 407 : Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our People / Our Suppliers			
<b>Protection of human rights</b>					
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 402 : Labor/Management relations 2016	402-1 Minimum notice periods regarding operational changes	The minimum number of weeks notice generally given to employees and their representatives before significant operational changes has increased from 4 to 6.			

"Gri standard / other source"	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Diversity and equal opportunity 2016</b>					
GRI 405 : Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Board of Directors / Data and Performance Indicators			
GRI 406 : Non Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents reported			
GRI 409 : Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our People / Our Suppliers			
<b>Compliance with regulations and standards</b>					
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 204 : Procurement practices 2016	204-1 Proportion of spending on local suppliers	Data and Performance Indicators			
GRI 205 : Anti corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Governance Tools			
GRI 206 : Anti competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal action pending or closed in the reporting period			
<b>Supply Chain value</b>					
GRI 3 : Material Topics 2021	3-3 Management of material topics	Materiality Analysis			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Added Value			



# AUDIT REPORT

## Independent auditors' report on the Sustainability Report

(Translation from the original Italian text)

To the Board of Directors of  
Cogne Acciai Speciali S.p.A.

We have been appointed to perform a limited assurance engagement on the Sustainability Report of Cogne Acciai Speciali S.p.A. (hereinafter also "the Company") for the year ended on 31<sup>st</sup> December 2022.

### Responsibilities of the Directors for the Sustainability Report

The Directors of Cogne Acciai Speciali S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), as described in the paragraph "Methodological Note" of the Sustainability Report.

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

The Directors are also responsible for defining the commitments of Cogne Acciai Speciali S.p.A. regarding the sustainability performance as well as for the identification of the stakeholders and of the significant matters to report.

### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) 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 Sustainability Report with the requirements of the GRI Standards. 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 procedures in order to obtain a limited assurance that the Sustainability Report 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 Sustainability Report were based on our professional judgment and included inquiries, primarily with the Company's personnel responsible for the preparation of the information included in the Sustainability Report, 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 process relating to the definition of material aspects included in the Sustainability Report, with reference to the methods of analysis and understanding of the reference context, the identification, assessment and prioritization of actual and potential impacts and the internal validation of the process outcome;
2. comparison of economic and financial data and information included in the paragraph "Added Value" of the Sustainability Report with those included in the Company's financial statement for the year ended on 31<sup>st</sup> December 2022;
3. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Report.

In particular, we have conducted interviews and discussions with the management of Cogne Acciai Speciali 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 department in charge of the preparation of the Sustainability Report.

Furthermore, for significant information, considering the Company's activities and characteristics:

- at Company level
  - a) with reference to the qualitative information included in the Sustainability Report, 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 Aosta plant of the Company, which we have selected based on its activity, relevance to the performance indicators and its location, we have carried out a site visit during which we have had discussions with management and have obtained evidence, on a sample basis, regarding the appropriate application of the procedures and 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 Sustainability Report of Cogne Acciai Speciali S.p.A. for the year ended on 31<sup>st</sup> December 2022 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph “Methodological Note” of the Sustainability Report.

Turin, April 14, 2023

EY S.p.A.  
Signed by: Roberto Grossi  
Auditor



**Cogne Acciai Speciali**