



COSTRUZIONI ELETTROMECCANICHE BRESCIANE



**2017 CONSOLIDATED NON-
FINANCIAL DECLARATION**

Cembre S.p.A.

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

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

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The corporate identity and Group profile

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

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

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

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

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

- continuous increase of efficiency and effectiveness in process management;
- research and innovation to improve existing products and offer innovative products that stay one step ahead of market demands and our competitors;
- expansion of commercial penetration;
- heightened accountability, involvement and participation of, and listening to, its collaborators;
- environmental protection through the reduction of the environmental impact, energy consumption and the production of pollutants;
- safeguarding the health and safety of all staff operating in Cembre and all those using our products through an analysis and systematic reduction of risks;
- continuous improvement of its Company Management System;

Mission

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

- compliance with relevant or subscribed provisions, whether from laws, national or international regulations or arranged by the parties themselves;
- respect and optimisation of the values set out in the Corporate Code of Ethics.

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

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

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

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

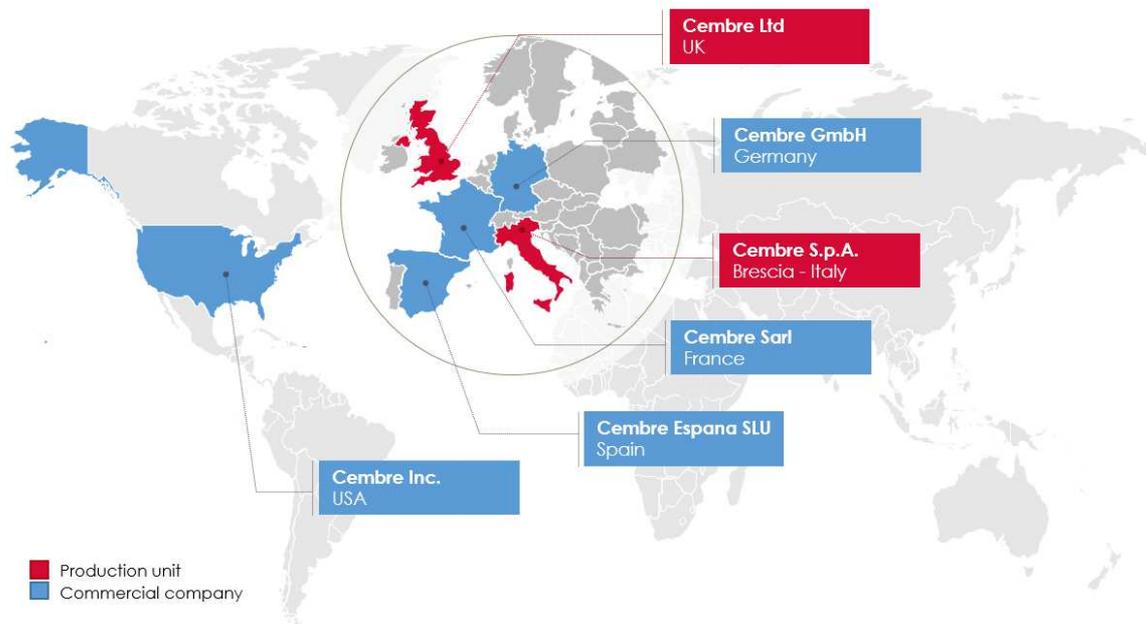
The Corporate Management System, which is standardised in accordance with the provisions of standards ISO 9001:2015, ISO 14001:2015 and standard BS OHSAS 18001:2007 is the tool used to translate the principles of the Corporate Policy into goals, and monitor their achievement.

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

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

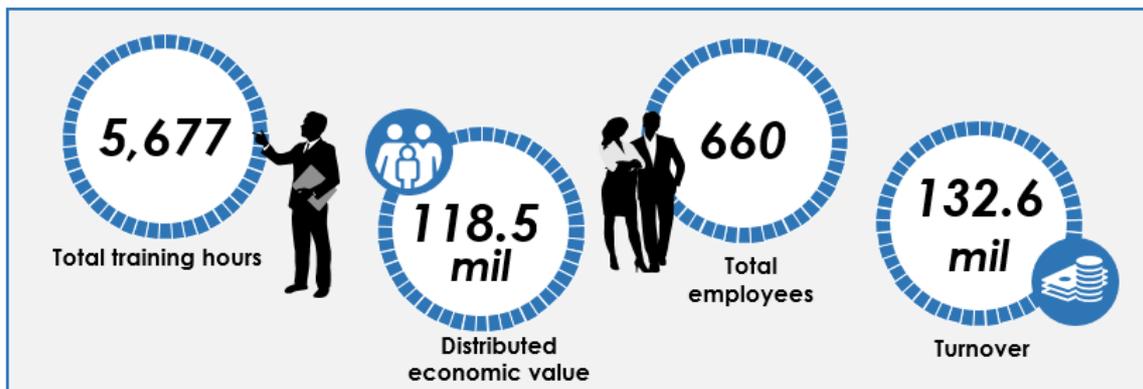
Group structure

The Cembre Group consists of six companies; the parent company Cembre S.p.A., based in Brescia, is the largest production unit and holds 100% of all the Group companies. In addition to serving its Italian and foreign customers, the parent company also supplies products that are marketed by the foreign subsidiaries on the respective national markets. The Group's second most important production unit is based in Birmingham, in the United Kingdom and is mainly dedicated to the British market; the other four companies are instead purely commercial and are based in Paris, Madrid, Munich and Edison (New Jersey, USA).



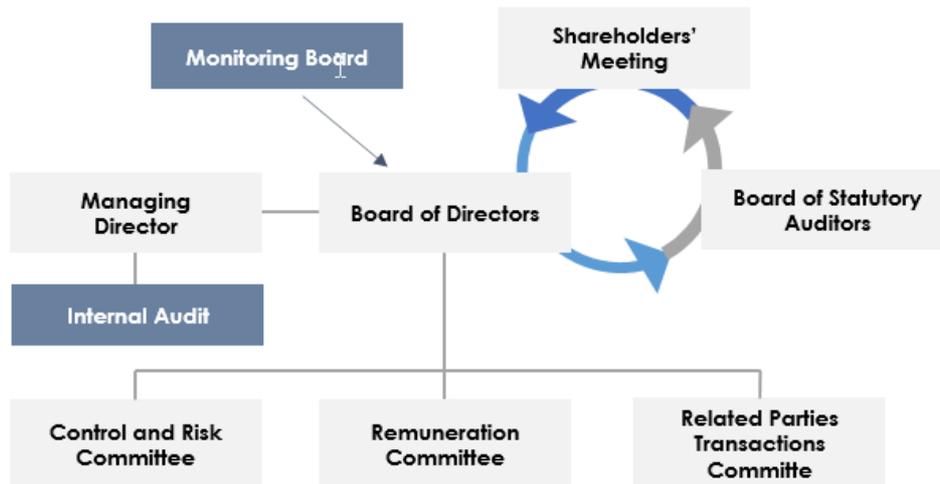
The direct presence in important countries of western Europe and the United States enables the Group to effectively reach the individual markets, increasing contact with the customer and assuring immediate, qualified, technical-commercial assistance.

Group highlights



Cembre Group governance

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



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

Sustainability has always been viewed with great attention by Cembre; indeed, this is why the company has decided that it was best to keep the responsibility for these aspects with the Board of Directors and not to delegate its management to a separate function.

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

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

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

The sales network

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



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



Economic value generated and distributed and economic impact

In 2017, the economic value generated by the Group was 134.3 million euros. The analysis given below shows the flow of resources sent to the various stakeholders, such as employees, suppliers of goods, services and capital and the Public Administration and general public, by means of external donations.

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

Economic figures	Notes	2017	2016	2015
(thousands of euros)				
Income from sales and services		€ 132,637	€ 122,605	€ 121,377
Other income and revenues, net of the use of provisions		€ 1,150	€ 617	€ 643
Losses on receivables		(€ 17)	(€ 20)	(€ 6)
Increase in assets due to internal construction		€ 939	€ 1,138	€ 852
Impairment of receivables		(€ 7)	(€ 43)	(€ 417)
Financial income		€ 86	€ 24	€ 33
Exchange gains and losses		(€ 512)	€ 33	€ 69
ECONOMIC VALUE GENERATED (A)	(A)	€ 134,276	€ 124,354	€ 122,551
Distributed to employees		€ 37,251	€ 35,484	€ 34,410
Distributed to suppliers		€ 63,969	€ 58,808	€ 59,430
Distributed to lenders		€ 35	€ 93	€ 60
Distributed to shareholders		€ 13,372	€ 11,838	€ 7,820
Distributed to the public administration		€ 3,848	€ 7,132	€ 6,945
External donations		€ 35	€ 30	€ 23
ECONOMIC VALUE DISTRIBUTED (B)	(B)	€ 118,510	€ 113,385	€ 108,688
ECONOMIC VALUE WITHHELD BY THE GROUP	(A-B)	€ 15,766	€ 10,969	€ 13,863
Amortisation, depreciation, provisions and other impairment		€ 6,411	€ 5,880	€ 5,750
Self-financing		€ 9,355	€ 5,089	€ 8,113
ECONOMIC VALUE WITHHELD BY THE GROUP	(A-B)	€ 15,766	€ 10,969	€ 13,863

Materiality analysis and stakeholder engagement

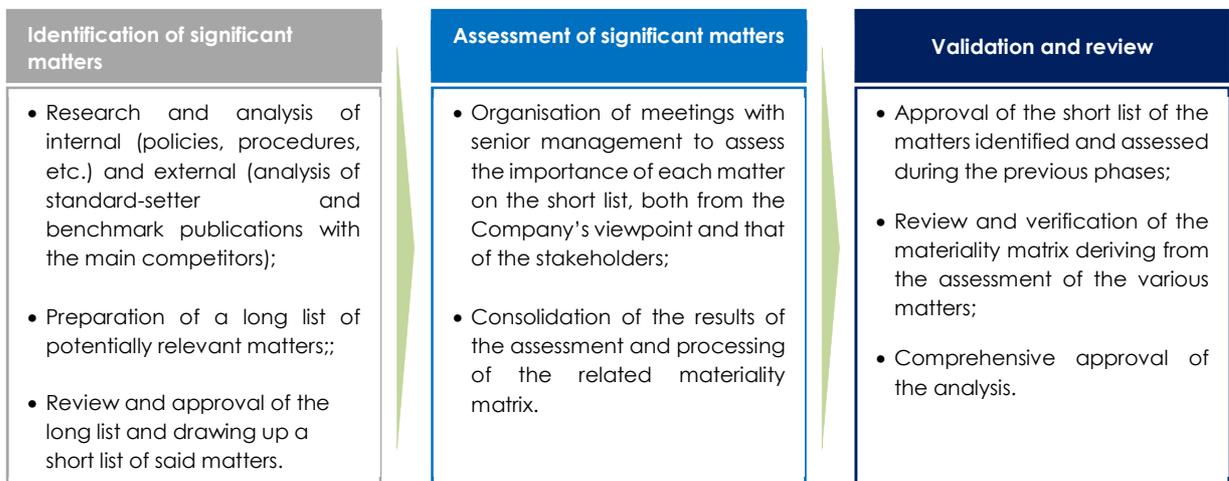
The Cembre Group non-financial report is focused on the importance of the various aspects relative to its business.

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

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

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

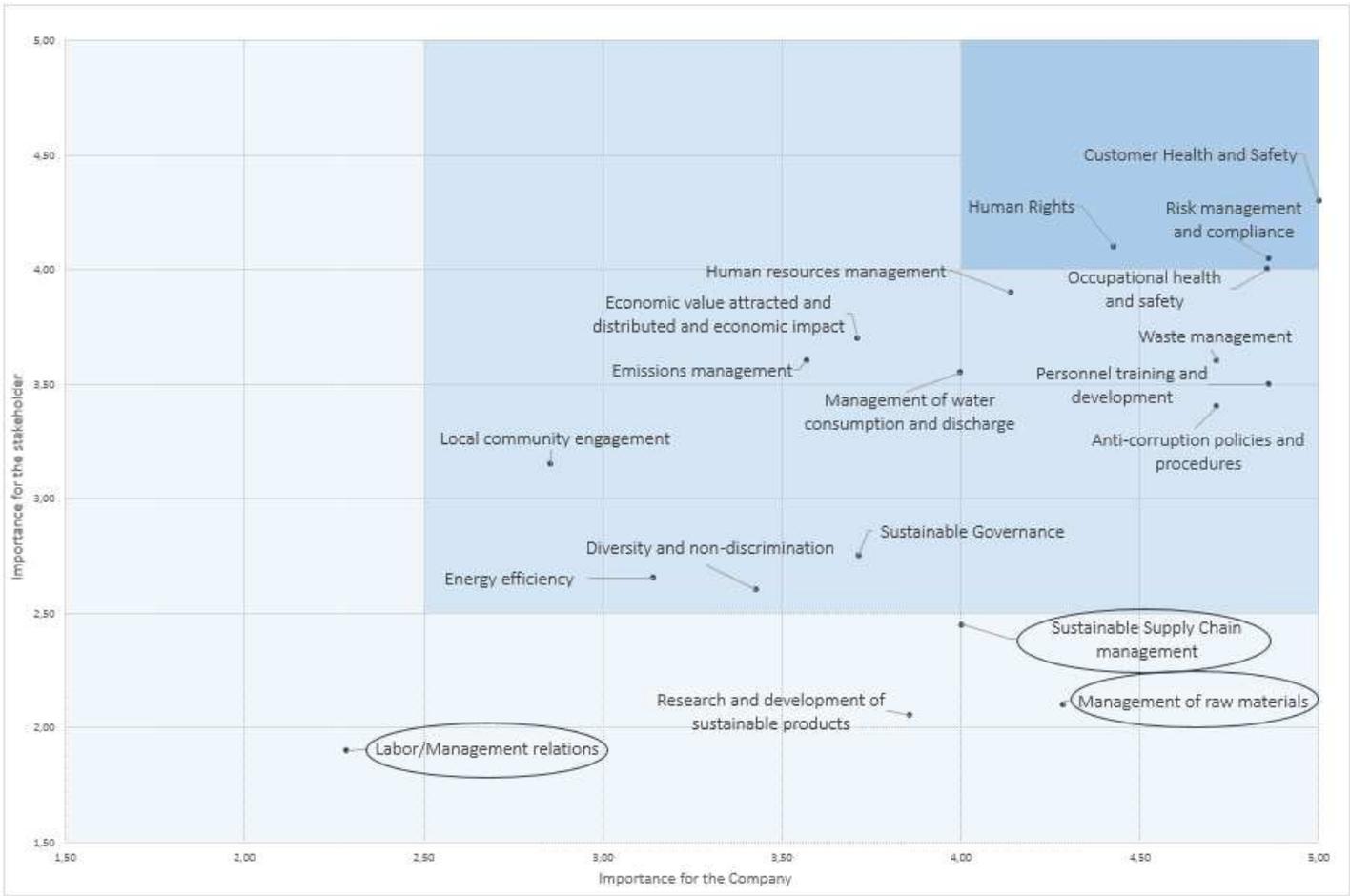
The materiality analysis process was structured as follows:



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

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

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



Supply chain management

Risks and opportunities

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

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

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

Under this scope, the greatest risks to which Cembre is exposed are:

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

The policies applied by the Cembre Group

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Non-financial performance

Cembre Spa (Italy)	UoM	2017	2016	2015
Procurement expenses	€	67,460,000	48,816,000	46,980,000
<i>of which local suppliers</i>	€	47,015,000	32,860,000	31,700,000
Percentage of total	%	69.69%	67.31%	67.48%

Cembre Ltd	UoM	2017	2016	2015
Procurement expenses	€	13,705,213	13,152,256	12,184,779
<i>of which local suppliers</i>	€	3,677,939	3,557,497	3,608,956
<i>of which intra-Group suppliers</i>	€	7,856,642	8,407,457	7,456,904
Local and intra-Group percentage of total	%	84.16%	90.97%	90.82%

Cembre SARL	UoM	2017	2016	2015
Procurement expenses	€	7,084,492	6,824,897	6,366,979
<i>of which local suppliers</i>	€	1,095,264	888,451	958,911
<i>of which intra-Group suppliers</i>	€	5,525,276	5,464,809	4,978,189
Local and intra-Group percentage of total	%	93.45%	93.09%	93.25%

Cembre España SLU	UoM	2017	2016	2015
Procurement expenses	€	6,508,252	5,394,695	5,723,222
<i>of which local suppliers</i>	€	500,340	429,126	440,828
<i>of which intra-Group suppliers</i>	€	5,212,323	4,543,253	4,824,222
Local and intra-Group percentage of total	%	87.78%	92.17%	91.99%

Cembre Gmbh	UoM	2017	2016	2015
Procurement expenses	€	5,858,038	5,364,385	5,563,903
<i>of which local suppliers</i>	€	941,768	789,756	900,900
<i>of which intra-Group suppliers</i>	€	4,838,667	4,517,693	4,576,681
Local and intra-Group percentage of total	%	98.68%	98.94%	98.45%

Cembre Inc.	UoM	2017	2016	2015
Procurement expenses	€	9,372,219	10,035,372	10,365,441
<i>of which local suppliers</i>	€	2,267,669	2,514,920	2,230,708
<i>of which intra-Group suppliers</i>	€	7,104,551	6,309,108	5,935,524
Local and intra-Group percentage of total	%	100.00%	87.93%	78.78%

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

Management of environmental matters

Risks and opportunities

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

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

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

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

The policies applied by the Cembre Group

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

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

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

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

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

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

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

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

Non-financial performance

Total energy consumption

	UoM	2017	2016	2015
Electricity	MWh	8,861.09	8,124.55	7,985.11
Diesel	MWh	3,654.87	3,341.89	3,204.33
Petrol	MWh	1,383.67	1,358.75	1,207.13
Natural Gas	MWh	3,548.00	3,433.97	3,794.56
Total	MWh	17,447.64	16,259.16	16,191.14

The conversion factors used are as follows:

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

The natural gas conversion factor is calculated starting from:

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

Diesel and petrol consumed for reasons other than transport are irrelevant.

Energy intensity

	UoM	2017	2016	2015
Energy consumption	MWh	17,447.64	15,660.64	15,728.83
Consolidated turnover	€/000	132,637	122,605	121,377
Energy intensity		13.154	12.773	12.959

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

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

Water collected by source*

	UoM	2017	2016	2015
From aqueducts	l	16,175,352	15,170,870	15,786,427
From wells	l	14,391,000	12,628,000	13,818,000
Total	l	30,566,352	27,798,870	29,604,427

*The information for the American subsidiary, Cembre Inc., is not available.

Water discharges¹

Cembre Group*	UoM	2017	2016	2015
discharge water from drains	l	30,566,352	26,140,255	28,328,838
discharge water treated in situ	l	17,245,202	13,565,255	14,964,838

*The information for the American subsidiary, Cembre Inc., is not available.

The discharge water from drains is the result of the consumption of water taken from the aqueduct and the well for industrial use. All the water taken is poured, after treatment, into the drains upon completion of the work cycle; the water withheld for the production process is also released into the drains after purification.

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

Direct emissions	UoM	2017	2016	2015
Diesel	t CO ₂ e	922.04	846.35	815.13
Petrol	t CO ₂ e	217.54	200.71	196.64
Natural Gas	t CO ₂ e	666.98	689.91	762.40
Total	t CO₂e	1,806.56	1,736.96	1,774.16
Indirect emissions				
Electricity	t CO ₂ e	3,181.13	2,916.71	2,930.53
Heating	t CO ₂ e	261.26	268.68	221.98
Total	t CO₂e	3,442.39	3,185.39	3,152.51
Total emissions (Scope 1 + Scope 2)	t CO₂e	5,248.95	4,922.35	4,926.67

¹ Industrial water (water from the well) is treated in situ according to defined procedures and, only after successful completion of the controls, discharged into the drains.

The coefficients used to calculate direct emissions are obtained from the 2016 ISPRA Report; instead for indirect emissions, reference is made to that published by Terna.

Direct emissions		Coefficients
	Diesel	3.17
	Petrol	3.14
	Natural Gas	1.955
Indirect emissions		
	Electricity	0.359
	Heating	0.359

NO_x, SO_x and other significant emissions²

		UoM	2017	2016	2015
	NO _x	t	0.841	0.608	0.342
	SO _x	t	0.000	0.000	0.000
	VOC	t	0.664	0.029	0.018
	PM	t	0.140	0.087	0.138
	Total	t	1.645	0.724	0.498

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

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

Greenhouse gas emissions are zero.

Materials used

		UoM	2017	2016	2015
	Ferrous material	kg	522,205	442,391	435,942
	Non-ferrous material	kg	4,396,529	4,032,636	3,733,366
	Plastic	kg	1,868,221	1,642,140	1,383,066
	Total	kg	6,786,955	6,117,167	5,552,374

Consumption of hazardous substances		UoM	2017	2016	2015
	Chemical substances	kg	61,504	61,073	53,507
	Oil + grease	kg	45,515	41,766	39,274
	Total	kg	107,019	102,838	92,781

² Data has been calculated, considering:

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

This allowed for the calculation of the annual tonnes of emissions of each element examined. There are no SO_x emissions.

Packaging*	UoM	2017	2016	2015
Paper (t/year)	t	49.95	43.06	38.23
Wood (t/year)	t	150.65	131.80	128.55
Plastic (t/year)	t	16.00	14.25	13.66
Total	t	216.60	189.11	180.44

*the figure relative to the Spanish subsidiary Cembre SLU is not available.

Waste

Products*	UoM	2017	2016	2015
Hazardous	kg	270,717	308,645	301,952
Not hazardous	kg	990,372	667,491	672,026
Total	kg	1,261,089	976,136	973,978

Sent for recovery*	UoM	2017	2016	2015
Hazardous	kg	3,926	157,915	50,535
Non-hazardous	kg	871,430	535,579	533,410
Total	kg	875,356	693,494	583,945

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

The increased quantity of non-hazardous waste in FY 2017 is due to the fact that it used to be conferred as secondary raw material, whereas now it is conferred as waste (copper waste).

Sent for disposal*	UoM	2015	2016	2017
Hazardous	kg	266,791	150,730	251,417
Non-hazardous	kg	118,942	131,912	138,616
Total	kg	385,733	282,642	390,033

*the figure relative to the American subsidiary Cembre Inc. is not available.

Management of social and staff-related matters

Risks and opportunities

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

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

The policies applied by the Cembre Group

The value of people

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

The Cembre S.p.A. workforce as at 31 December 2017 numbered 440, making for a total increase of 12 people with respect to the previous figure.

More specifically, the employment dynamics recorded in 2017 regard:

hiring of 35 people;

cessation of 23 people, of whom 16 as a result of termination of their contract of employment and 7 through retirement.

Approximately 90% of those working for Cembre S.p.A. have a permanent contract of employment.

In order to sensitise all employees and collaborators towards the Corporate Policy on social matters, the Group Code of Ethics is given out to all new employees, clarifying the conduct and relations that are considered in line with the Company’s vision. Human rights procedures and policies are reported to all employees and collaborators of Cembre S.p.A. through the delivery of the Organisation, Management and Control Model in accordance with Italian Legislative Decree no. 231/2001.

Moreover, the Cembre Group Code of Ethics also contains a specific section on human rights, called: “Social responsibility, human rights and discrimination”. The Cembre Group actively encourages respect for internationally-recognised human rights, working concretely to overcome all forms of discrimination. It should be noted that to date the Company has no record of any discrimination-based incidents. The Cembre Group also refuses all types of child or forced labour and specifically bans any entertaining of business relations with organisations exercising this form of oppression or with organisations whose products come from regions in which there is notoriously a lack of suitable protection of human rights. The Group does not tolerate any form of discrimination or unfair treatment based on gender, race, disability, ethnic or cultural origin, religion or beliefs, age or sexual orientation. The diversity policy adopted within the governance bodies is regulated by Article no. 15, paragraph 5 of the Cembre S.p.A. Articles of Association. Contracts in general, purchase orders, letters hiring employees and agents, include all clauses to inform the counterparty of the adoption of the 231 Model and the Code of Ethics by Cembre S.p.A.; failure by the counterparty to comply with these clauses constitutes serious breach of contractual obligations.

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

Relations with social parties are regulated by respective applicable rules.

The contract of employment applied to all Cembre Spa employees is the: “Italian National Collective Bargaining Agreement for the Metal-Mechanical Industry and Plant Installation”. In compliance with the provisions of the national bargaining agreement, the company envisages a minimum notice period for its employees, if moved from one place to another, of twenty days. In 2017, 2016 and 2015, no such cases arose.

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

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

Training

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

The activities for which specific qualification is required, regard:

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

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

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

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

With respect to 2016, the total volume of training (number of interventions, hours delivered, participations) has increased significantly in line with the strategic objectives of continuous improvement. In actual fact, in 2017 more than 5 thousand hours of training were delivered, for a total of **2,859** participations, up **882** hours on 2016.

Each employee of the Cembre S.p.A. Group benefited from an average of **8.6** hours of training.

As evidence of Cembre's commitment to developing the professional skills and capacities of its staff, an English language course will be held over the next few months, run by a mother-tongue teacher, for a total of 480 hours.

Performance assessment systems

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

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

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

Company welfare

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

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

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

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

- concession of leave for family reasons, in order to take care or assist relatives;
- a "book package" for more information on school subjects for children of employees who successfully attend middle school;
- study grants to deserving children of employees attending secondary schools and university;

- distribution of toys to children of employees aged under 10 during the Christmas period.

Relations with the local community

Cembre S.p.A. is highly attentive to the context in which it works and seeks to support the most deserving students; this is why the company has stipulated an agreement with the Istituto Tecnico Superiore Lombardo per le Nuove tecnologie Meccaniche e Meccatroniche di Lonato D.G. (BS) technical secondary school, whereby it has undertaken to fund the award of 2 study grants for the school year 2017/2018. Cembre S.p.A. also collaborates with professional institutes throughout the province and with the universities, offering students curricular traineeships, both in office jobs and on the production line. In 2017 alone, 10 students were hosted for school traineeships. Finally, from time to time the Company supplies materials for an amount of €3,880 in 2017 alone, to technical and professional institutes, to be used in the laboratories and school classrooms.

Lawsuit

The number of lawsuits of Cembre S.p.A. with employees and former employees as at 31.12.2017 is 0.

Non-financial performance

The data given in the table below does not include temporary workers, who, as at 31/12/2015, numbered 20, whilst as at 31/12/2016, there were 26 and as at 31/12/2017, there were 48.

CEMBRE GROUP staff, by company		UoM	2017	2016	2015
	Cembre Spa	no.	440	428	421
	Cembre Gmbh	no.	22	21	19
	Cembre Ltd.	no.	100	96	91
	Cembre Sarl	no.	27	27	25
	Cembre España	no.	41	44	35
	Cembre Inc.	no.	30	25	21
	Cembre AS	no.	-	-	2

Cembre Group staff by classification	UoM	2017			2016			2015		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	no.	0	14	14	0	14	14	0	13	13
Supervisors	no.	0	10	10	0	10	10	0	10	10
White-collar workers	no.	91	230	321	84	222	306	84	207	291
Blue-collar workers	no.	74	241	315	73	238	311	74	224	298
Total	no.	165	495	660	157	484	641	158	454	612

Cembre Group staff turnover rate, absenteeism rate		UoM	2017	2016	2015
	Turnover rate (%)	%	22.08%	19.97%	15.11%
	Absenteeism rate	%	6.26%	5.40%	5.59%
	Average workforce	no.	652	631	602

The absenteeism rate is calculated as the ratio of the number of days of absence and the number of days worked, multiplied by the number of employees ($\frac{\text{days of absence}}{\text{days worked} \times \text{no. employees}}$)

Cembre S.p.A. sees diversity as a corporate asset and does not tolerate any form of discrimination based on differences in gender, age, health, nationality, political opinion or religious belief. The

Company respects everyone's dignity, guaranteeing equal opportunities in all phases and for all aspects of employment. 26.36% of the workforce of Cembre S.p.A. are women.

Cembre Group staff - female presence		UoM	2017	2016	2015
Total employees	no.		660	641	612
<i>of whom women</i>	no.		165	157	158
Female presence	%		25.00%	24.49%	25.82%
Female staff hired	no.		18	10	8

Cembre Group staff from "protected categories"		UoM	Total
	2015	no.	32
	2016	no.	39
	2017	no.	49

Cembre Group Board of Directors members		UoM	2017			2016			2015		
			Women	Men	Total	Women	Men	Total	Women	Men	Total
<30 years	no.		0	0	0	0	0	0	0	0	0
30-50 years	no.		1	1	2	1	1	2	1	1	2
>50 years	no.		1	5	6	1	5	6	1	5	6
Total	no.		2	6	8	2	6	8	2	6	8

Cembre Group staff according to age bracket		UoM	2017	2016	2015
<30 years	%		14.85%	15.76%	15.03%
30-50 years	%		58.18%	59.13%	61.60%
>50 years	%		26.97%	25.12%	23.37%

The breakdown of the staff of the parent company, Cembre S.p.A., according to age bracket and gender, is as follows:

CEMBRE S.p.A. staff according to age bracket		UoM	2017			2016			2015		
			Women	Men	Total	Women	Men	Total	Women	Men	Total
<30 years	no.		1	51	52	3	60	63	5	54	59
30-50 years	no.		85	187	272	83	182	265	88	183	271
>50 years	no.		30	86	116	31	69	100	27	64	91
Total	no.		116	324	440	117	311	428	120	301	421

Cembre Group staff - incoming and outgoing by gender		UoM	2017		2016		2015	
			Incoming	Outgoing	Incoming	Outgoing	Incoming	Outgoing
Men	no.		65	51	67	38	46	28
Women	no.		18	10	10	11	8	9
Total	no.		83	61	77	49	54	37

Cembre Group staff - incoming and outgoing by age	UoM	2017		2016		2015	
		Incoming	Outgoing	Incoming	Outgoing	Incoming	Outgoing
<30 years	no.	34	15	37	13	31	12
30-50 years	no.	44	29	32	23	19	14
>50 years	no.	5	17	8	13	4	11
Total	no.	83	61	77	49	54	37

The breakdown of the incoming and outgoing staff of the parent company, Cembre S.p.A., according to age bracket and gender, is as follows:

CEMBRE S.p.A. incoming staff according to age bracket	UoM	2017			2016			2015		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
<30 years	no.	0	12	12	1	16	6	1	19	1
30-50 years	no.	4	17	21	1	5	4	3	8	5
>50 years	no.	1	1	2	0	2	9	0	1	7
Total	no.	5	30	35	2	23	25	4	28	32

CEMBRE S.p.A. outgoing staff according to age bracket	UoM	2017			2016			2015		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
<30 years	no.	0	7	7	2	4	6	0	1	1
30-50 years	no.	2	4	6	0	4	4	1	4	5
>50 years	no.	4	6	10	3	6	9	2	5	7
Total	no.	6	17	23	5	14	19	3	10	13

CEMBRE S.p.A. staff - reasons for leaving	UoM	2017			2016			2015		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Voluntary leaving (apart from retirement)	no.	2	9	11	0	4	4	1	4	5
Retirement	no.	3	4	7	3	5	8	2	3	5
Dismissal	no.	0	1	1	0	3	3	0	2	2
Other (e.g. end of fixed-term contract)	no.	1	3	4	2	2	4	0	1	1
Total	no.	6	17	23	5	14	19	3	10	13

Cembre Group staff according to contract type	UoM	2017	2016	2015
Full time	no.	639	625	597
Part time	no.	21	16	15
Total	no.	660	641	612

Cembre Group staff according to contract term	UoM	2017	2016	2015
Permanent	no.	607	602	595
Fixed term	no.	53	39	17
Total	no.	660	641	612

The breakdown of staff by educational qualification for the subsidiaries, is not available.

The breakdown of the staff of the parent company, Cembre S.p.A., according to contract type/term and educational qualification, is as follows:

Cembre S.p.A. staff according to contract type	UoM	2017			2016			2015		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Full time	no.	109	323	432	110	310	420	112	300	412
Part time	no.	7	1	8	7	1	8	8	1	9
Total	no.	116	324	440	117	311	428	120	301	421

Cembre S.p.A. staff according to contract term	UoM	2017			2016			2015		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Permanent	no.	111	285	396	116	290	406	119	294	413
Fixed term	no.	5	39	44	1	21	22	1	7	8
Total	no.	116	324	440	117	311	428	120	301	421

Cembre S.p.A. staff according to educational qualification	UoM	2017			2016			2015		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Degree	no.	19	39	58	17	36	53	16	32	48
Diploma	no.	28	127	155	28	116	144	30	111	141
Middle school	no.	69	150	219	72	153	225	74	152	226
Other	no.	0	8	8	0	6	6	0	6	6
Total	no.	116	324	440	117	311	428	120	301	421

The ratio of the basic male and female salary, by category and classification, in Cembre S.p.A., is as follows:

Salary difference between men and women in Cembre S.p.A.	UoM	2017	2016	2015
Managers	%	N/A	N/A	N/A
Supervisors	%	N/A	N/A	N/A
White-collar workers	%	-21.87	-19.21	-21.18
Blue-collar workers	%	-11.51	-8.46	-10.56

Training for classification (no. participations)	UoM	2017	2016	2015
Managers	no.	7	51	N/A
White-collar workers	no.	931	1,044	N/A
Blue-collar workers	no.	1,921	1,100	N/A
Total	no.	2,859	2,195	N/A

Training for classification (no. hours delivered)	UoM	2017	2016	2015
Managers	h	19.5	122.0	N/A
White-collar workers	h	2,889.9	2,720.0	N/A
Blue-collar workers	h	2,767.4	1,952.5	N/A
Total	h	5,676.8	4,794.5	N/A

Training delivered in 2017 is summarised in the tables below, which show a comparison with 2016:

Training delivered by the Cembre Group	Participations (no.)		Hours delivered (no.)	
	2017	2016	2017	2016
Managerial (inter-company general management, new courses to improve soft skills, etc.)	15	31	18	229.0
Plant maintenance and knowledge of technical systems	436	455	574.3	1,222.1
Technical-professional dedicated to knowledge of processes and systems	231	303	1,763.2	1,724.0
Compliance (code of ethics, model, internal control system on the corporate disclosure, etc.)	191	161	87.3	72.4
Worker health and safety, environment, quality ³	1,986	1,246	3,234	1,547.0
TOTAL	2,859	2,195	5,676.8	4,794.5

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

³ All training courses in “health and safety” were organised and delivered in compliance with the State - Regions Agreement dated 21 December 2011.

Health and safety management

Risks and opportunities

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

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

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

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

The policies applied by the Cembre Group

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

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

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

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

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

As regards its products, and therefore the health and safety of the end consumer, controls, checks and validations have been formalised and prescribed during the design stage, which can guarantee a response to customer needs (for example in terms of: fitness for purpose, practicality of use, ergonomics, safety, etc.) and compliance with the provisions of the law/applicable regulations (e.g. electromagnetic compatibility, noise, vibrations, etc.). The controls, which are established in all phases of the production processes, guarantee that the products developed are only released if compliant with project provisions.

No cases of non-conformity with the laws and/or regulations have been reported in connection with products and services supplied by the Cembre Group.

Non-financial performance

Injuries at work, injury rates

	UoM	2017	2016	2015
Injuries at work	no.	2	13	9
of which serious injuries	no.	0	0	1
% of total	%	0.00	0.00	11.1%
of which fatal injuries	no.	0	0	0
% of total	%	0	0	0

	UoM	2017	2016	2015
Injury frequency index		1.73	11.66	8.42
Injury severity index		0.06	0.14	0.13
Hours worked	no.	1,156,295	1,114,967	1,069,306
Days of work lost	no.	70	160.5	142

The injury frequency index is calculated as the ratio of the number of injuries and the hours worked, multiplied by one million ($\frac{\text{no.injuries}}{\text{hours worked}} \times 1,000,000$).

The injury severity index is the ratio of the days of work lost and the hours worked, multiplied by a thousand ($\frac{\text{days of work lost}}{\text{hours worked}} \times 1,000$).

Management of the fight against corruption

Risks and opportunities

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

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

The policies applied by the Cembre Group

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

- *Control environment*: this is the environment in which the individuals operate and it represents the culture relative to control permeated within the organisation. It consists of the following elements: company organisation charge, system of delegations and powers of attorney, organisational provisions, public disclosure procedure of Inside Information, procedure for significant operations and with Related Parties, procedure for the fulfilment of Internal Dealing obligations, Administrative-Accounting Control Model and the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001, including the Code of Ethics, which is an integral part thereof.
- *Control activities*: this is the set of control practices and procedures defined to allow for the overseeing of company risks, so as to bring exposure back to within acceptable levels and therefore monitor the achievement of company objectives. It consists of the following elements:
 - administrative - accounting control procedures: set of company procedures relevant to the preparation and dissemination of accounting disclosures (such as group accounting manual, accounting administrative procedures relative, in particular, to financial statements and reporting, administrative accounting control matrices);
- *Information and communication*: this is the process established to ensure the accurate, timely collection and communication of company information. With regards to the financial disclosure, the Administrative-Accounting Control Model adopted by the Company in accordance with Italian Law no. 262/2005 regulates the rules and procedures for the correct preparation of the accounting disclosure.
- *Monitoring activities*: these are the activities necessary to verify and periodically assess the suitability, applicability and effectiveness of internal controls.

The Cembre S.p.A. Risk Management System is described in the Corporate Governance Report. The Company takes an integrated approach to the risk of regulatory non-compliance. For the measures envisaged if such should occur, reference is made to the Organisation, Management and Control Model in accordance with Italian Legislative Decree no. 231/2001, which aims to prevent specific crimes from being committed by Company managers and all workers under their management and/or supervision, employees and/or collaborators, in the interests or to the benefit of the Company. Cembre appoints the *Supervisory Body* to assess the adequacy and effectiveness of the Model, or rather its actual capacity to prevent the crimes and monitor the function and correct observance of the protocols adopted. At the request of said body, the Company has promptly updated the Model 231/01 and adjusted the control structure supervising it, according to the regulatory evolutions of the

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

Non-financial performance

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

Methodological note

The Consolidated non-financial declaration of the Cembre Group has been prepared in accordance with Italian Legislative Decree no. 254/2016 and according to the guidelines given by the Global Reporting Initiative “Sustainability Reporting Standards”, published in October 2016, in the GRI-Referenced version. The GRI Standards envisage that the Declaration shall contain information on the aspects considered as materials, as they may have significant impacts on the organisation from a social, economic and environmental viewpoint and may substantially influence stakeholder considerations and decisions.

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

- accuracy: the data and information included in the Declaration has been verified by the respective department managers, so as to validate its accuracy and authenticity;
- timeliness: the Consolidated non-financial declaration will be published once a year, at the same time as the Annual Financial Report;
- comparability and clarity: in preparing the Consolidated non-financial declaration, clear, concise language was used, along with tables and graphs, so as to ensure that it is understood by all stakeholders. The information included in the report refers to the period running between 01/01/2017 and 31/12/2017. Where available, the data relating to the previous years has been included, so as to allow for an assessment of the dynamic trend of Group operations over the medium-term. Any absence of such a comparison is due to the lesser relevance of the performance over the years or the impossibility of recovering information relative to previous years, as this document is the Group’s first non-financial report. Finally, as regards the quantitative information given in the Declaration for which estimates were used, this detail is duly noted in the various chapters;
- balance: the data and information given in the Declaration has been portrayed realistically and in a timely manner; indicators reflect the Group’s performance in the reporting period;
- reliability: the Consolidated non-financial declaration has been prepared by a specifically-formed working party, whose members have been identified from the various Group company departments and who have validated the contents with respect to their areas of competence. The final document, as a whole, has been presented to and discussed by the Board of Directors.

The Non-financial declaration has been audited by the independent auditing firm, PricewaterhouseCoopers SpA.

Unless otherwise specified in each chapter, the data and information of this Declaration refer to the Companies belonging to the Cembre Group as at 31 December 2017, fully consolidated within the Annual Financial Report. The data relating to previous years is given for comparison only, so as to allow for an assessment of the dynamic trend of Group operations over the medium-term. Moreover, as regards the quantitative information given in this document for which estimates were used, this detail is duly noted in the various chapters.

Below, inside the “Table of correlation pursuant to Italian Legislative Decree no. 254/16”, attached, is an indication of the reporting scope for each material aspect, any exclusions from scope and omissions with respect to that required by Italian Legislative Decree no. 254.

Brescia, 13 March 2018

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

Giovanni Rosani

Cembre S.p.A. - Consolidated non-financial declaration - Table of correlation pursuant to Italian Legislative Decree no. 254/16

Theme of Italian Legislative Decree no. 254/2016	Material theme	Risks identified	Policies applied	Topic specific standard/disclosure	Reference chapter/paragraph	Reporting scope	Notes	
Environmental	Energy efficiency enhancement	Chapter Management of environmental matters Paragraph Risks and opportunities Page 12 *Risk identified with respect to the macro-theme "Environment"	The companies Cembre SpA and Cembre Ltd (UK) have implemented an Environmental Management System certified in accordance with UNI EN ISO 14001:2015*. The other Group companies carry out commercial functions and are not involved in production, hence they have no need to adopt an Environmental Management System. *The move to the 2015 edition was made in December 2017.	Standard 302-1: Company energy consumption	Chapter Management of environmental matters Paragraph Non-financial performance Page 13	All Group companies consolidated as at 31/12/2017	With reference to standard 302-1, please note that: - The figure on the total energy consumption within the Organisation is given in MWh - The Cembre Group does not sell energy	
	Management of consumption and water drains			Standard 302-3: Energy intensity	Chapter Management of environmental matters Paragraph Non-financial performance Page 14	All Group companies consolidated as at 31/12/2017	Cembre SpA - Italy Cembre Ltd - UK Cembre GmbH - Germany Cembre Sarl - France Cembre España Slu - Spain	With reference to standard 302-3, please note that: In order to calculate the ratio, only energy consumption within the Organisation was used
				Standard 303-1: Water collected by source				With reference to standard 303-1, please note that: Data is not available for Cembre Inc. - United States of America , insofar as the costs connected with the consumption of water are approximate and included in the plant lease charges. The data relating to water collected is therefore not measured. It is, however, a commercial, non-productive context with reduced consumption
				Standard 306-1: Water discharges				With reference to standard 306-1, please note that: - The data on water discharges is, by convention, compared to that relating to collections insofar as it is assumed that all water collected is discharged. It is considered that the incidence relative to any water withheld (e.g. water drunk) is, with respect to the total volume of the water collected, minimal and insignificant - Data relating to the discharges of Cembre Inc. - United States of America , in view of the foregoing, is unavailable - industrial water (water from wells) is processed in situ, according to defined procedures and only after the successful conclusion of the controls performed, is discharged into the drains
				Standard 305-1: Direct emissions (Scope 1)				Chapter Management of environmental matters Paragraph Non-financial performance Pages 14 -15
	Emissions management			Standard 305-2: Indirect emissions (Scope 2)	Chapter Management of environmental matters Paragraph Non-financial performance Pages 14 -15	All Group companies consolidated as at 31/12/2017	With reference to standard 305-2, please note that: - The Group does not trade greenhouse gas emissions	
				Standard 305-7: Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant emissions	Chapter Management of environmental matters Paragraph Non-financial performance Page 15	Cembre SpA - Italy	With reference to standard 305-7, please note that: The data is only available for Cembre SpA. For the English subsidiary, Cembre Ltd., data has not been recorded, whilst the other subsidiaries, which only carry out commercial activities, do not generate any significant emissions. The company Cembre Ltd undertakes to monitor standard 305-7 and supply the related values during the next reporting year.	
				Raw materials management	Standard 301-1: Materials used by weight and volume	Chapter Management of environmental matters Paragraph Non-financial performance Page 15-16	All Group companies consolidated as at 31/12/2017	With reference to standard 301-1, please note that: The data relating to the consumption of paper/wood/plastic of Cembre España Slu - Spain is not available The company España Slu undertakes to provide unreported values relative to standard 301-1 in the next reporting year.
	Waste management				Standard 306-2: Waste	Chapter Management of environmental matters Paragraph Non-financial performance Page 16	Cembre SpA - Italy Cembre Ltd - UK Cembre GmbH - Germany Cembre Sarl - France Cembre España Slu - Spain	With reference to standard 306-2, please note that: Data is not available relative to Cembre Inc. - United States of America insofar as the waste collection system takes place through the use of containers and no weight is calculated. It is, however, a commercial, non-productive context with reduced consumption
	Sustainable supply chain management			Chapter Supply chain management Paragraph Risks and opportunities Page 9	The Company does not consider it necessary to implement formal policies for managing the matter, insofar as it is regulated by the Procedure: "Procurement and supplier approval"	Standard 204-1: Percentage of spending on locally-based suppliers	Chapter Supply chain management Paragraph Non-financial performance Pages 10 -11	All Group companies consolidated as at 31/12/2017

Social	Relations with communities and local entities	The risk analysis was carried out as part of the context analysis performed by each Group company under the scope of its Company Management System.	The Company believes it unnecessary to implement formalised policies to manage the theme, however the documentation of the Company Management System defines, in section 04 of the Company Manual of each Group company, the analysis of the context in which they operate and the needs of the stakeholders, including the local communities.	OTHER - Value of donations of materials to technical institutes - Number of school scholarships activated	Chapter Management of social and staff-related matters Paragraph Relations with the local community Pages 20	Cembre Spa - Italy	The indicators reported refer to Cembre SpA alone With a view to ensuring continuous improvement, the Group undertakes to supplement and disclose said information during the next reporting year.
	Economic value attracted and distributed and economic impact	Theme not specifically required by Italian Legislative Decree no. 254/2016	Theme not specifically required by Italian Legislative Decree no. 254/2016	Standard 201-1: Economic value generated and distributed	Chapter Economic value generated and distributed and economic impact Page 6	All Group companies consolidated as at 31/12/2017	The theme discusses economic-financial information and, therefore, is not included in the themes mentioned by Italian Legislative Decree no. 254/2016
	Consumer health and safety	The risk analysis is performed in the project environment, so as to prevent any situations of danger to consumer health and safety, therefore the products released to the market entail no risk	Environmental Management System UNI EN ISO 14001:2015 - Quality ISO 9001:2015 - Safety OHSAS 18001 Procedure 02.PR.08.03. It is also specified that: the Quality Management System (ISO 9001:2015) defines specific verification procedures, the review and validation of the projects that include a verification of conformity with product specifications, compliance with applicable laws, regulations and rules and user safety.	Standard 417-2: incidents of non-conformity on information relating to products and services	Chapter Management of health and safety themes Paragraph Non-financial performance Page 26	All Group companies consolidated as at 31/12/2017	No cases of non-conformity with the laws and/or regulations have been reported in connection with products and services.
	Human capital management	Chapter Management of social and staff-related matters Paragraph Risks and opportunities Page 17 Although not formalised, risks are identified and constantly updated directly by the Management responsible for handling them.	The Group does not consider it necessary to implement formal policies for managing the matter, insofar as staff management is regulated by consolidated practice within the company.	401-1: Total number and turnover rate by age groups, gender and region	Chapter Management of social and staff-related matters Paragraph Non-financial performance Pages 21 -22	All Group companies consolidated as at 31/12/2017	With reference to standard 401-1, please note that: - The turnover rate is supplied fro the Group, whilst the breakdown according to gender and age bracket is given in absolute terms, both for the Group and for Cembre SpA With a view to ensuring continuous improvement, the Group undertakes to supplement and disclose said information during the next reporting year.
				Standard 102-8: Information on staff	Chapter Management of social and staff-related matters Paragraph Non-financial performance Pages 21-22-23	All Group companies consolidated as at 31/12/2017	With reference to standard 102-8, please note that: - The breakdown by gender is only given for Cembre SpA and not on a Group level, for which an absolute value is given. With a view to ensuring continuous improvement, the Group undertakes to supplement and disclose said information during the next reporting year.
	Industrial relations	Chapter Management of social and staff-related matters Paragraph Risks and opportunities Page 17 Although not formalised, risks are identified and constantly updated directly by the Management responsible for handling them.	The Group does not consider it necessary to implement formal policies for managing the matter, insofar as it is regulated by the National Collective Bargaining Agreements, according to the specific methods set out in the different countries in which the Group operates.	Standard 402-1: Industrial relations	Chapter Management of social and staff-related matters Paragraph The policies applied by the Cembre Group - The value of people Page 17-18	All Group companies consolidated as at 31/12/2017	
				Standard 102-41: Presence of collective bargaining agreements		All Group companies consolidated as at 31/12/2017	

Relating to staff	Personnel training and development	Chapter Management of social and staff-related matters Paragraph Risks and opportunities Page 17 Although not formalised, risks are identified and constantly updated directly by the Management responsible for handling them.	The Group does not consider it necessary to implement formal policies for managing the matter, insofar as staff management is regulated by consolidated practice within the company.	Standard 404-1: Average hours of training per employee, per year	Chapter Management of social and staff-related matters Paragraph Non-financial performance Pages 23 -24	All Group companies consolidated as at 31/12/2017	With reference to standard 404-1, please note that: - No indication has been provided of the figure broken down according to gender With a view to ensuring continuous improvement, the Group undertakes to supplement and disclose said information during the next reporting year.
	Protection of collaborator diversity and non-discrimination	Chapter Management of social and staff-related matters Paragraph Risks and opportunities Page 17 Although not formalised, risks are identified and constantly updated directly by the Management responsible for handling them.	Cembre SpA Articles of Association (Art. 15, paragraph 5) Code of Ethics (this document refers to the Cembre Group, indicated as: "Cembre S.p.A. and the subsidiaries in accordance with Art. 2359 of the Italian Civil Code and/or Art. 26 of Italian Legislative Decree no. 127 of 09/04/1991") Cembre SpA Model 231 Management of the matter "Protection of collaborator diversity and non-discrimination" under the scope of the Companies belonging to the Cembre Group is inspired by the principles described in the Group Code of Ethics	Standard 405-1: Diversity within governance bodies and staff	Chapter Management of social and staff-related matters Paragraph Non-financial performance Page 21	All Group companies consolidated as at 31/12/2017	With reference to standard 405-1, please note that: - Not all data is given as percentages With a view to ensuring continuous improvement, the Group undertakes to supplement and disclose said information during the next reporting year.
				Standard 405-2: Ratio of basic male and female salaries by category and operative qualification	Chapter Management of social and staff-related matters Paragraph Non-financial performance Page 23	Cembre SpA - Italy	With reference to standard 405-2, please note that: The indicator is only given for the parent company Cembre S.p.A. and with reference to the basic salary. With a view to ensuring continuous improvement, the Group undertakes to supplement and disclose said information during the next reporting year.
				Standard 406-1: Discrimination-based incidents and action taken	Chapter Management of social and staff-related matters Paragraph The value of people Page 18	All Group companies consolidated as at 31/12/2017	
Collaborator health and safety management	Chapter Health and safety management Paragraph Risks and opportunities Page 25 Risks are identified and constantly updated by the Employer, in order to manage them.	Worker Health and Safety System (standard OHSAS 18001:2007) applied to Cembre SpA only. The practices and procedures applied in the other Group Companies are inspired by that envisaged by standard OHSAS 18001:2007	GRI Standard 403-2: Type of injury and incident rate, occupational diseases, days lost, absenteeism and number of fatal work-related incidents	Chapter Management of health and safety themes Paragraph Non-financial performance Page 26	All Group companies consolidated as at 31/12/2017	With reference to standard 403-2, please note that: No distinction has been provided by gender and by company. The values are consolidated on a Group level. No cases of occupational diseases have been ascertained in the Group	
Respect for human rights	Respect for human rights	Chapter Management of social and staff-related matters Paragraph Risks and opportunities Page 17 Although not formalised, risks are identified and constantly updated directly by the Management responsible for handling them.	Code of Ethics (this document refers to the Cembre Group, indicated as: "Cembre S.p.A. and the subsidiaries in accordance with Art. 2359 of the Italian Civil Code and/or Art. 26 of Italian Legislative Decree no. 127 of 09/04/1991") Cembre SpA Model 231 Management of the matter "Respect for human rights" under the scope of the Companies belonging to the Cembre Group is inspired by the principles described in the Group Code of Ethics	Standard 412-1: Total number of activities audited or subject to impact assessment on human rights	Chapter Management of social and staff-related matters Paragraph Non-financial performance Page 26	All Group companies consolidated as at 31/12/2017	Considering the context in which it operates, the Group has not seen fit to implement a formalised system for assessing its activities with reference to the matter of respect for human rights. Any reports made in this area are, however, monitored in respect of the principles sanctioned in the Group Code of Ethics

Fight against corruption	Fight against corruption	Chapter Management of the fight against corruption Paragraph Risks and opportunities Page 27	Code of Ethics (this document refers to the Cembre Group, indicated as: "Cembre S.p.A. and the subsidiaries in accordance with Art. 2359 of the Italian Civil Code and/or Art. 26 of Italian Legislative Decree no. 127 of 09/04/1991") Cembre SpA Model 231 Management of the matter "Fight against corruption" under the scope of the Companies belonging to the Cembre Group is inspired by the principles described in the Group Code of Ethics	Standard 205-3: Corruption incidents confirmed and related actions taken	Chapter Management of the fight against corruption Paragraph Non-financial performance Page 28	All Group companies consolidated as at 31/12/2017	
<i>Transversal to all themes</i>	Compliance and risk management Sustainable governance	The matters of "Compliance and risk management" and "Sustainable governance" are considered transversal to all matters recalled by Italian Legislative Decree no. 254/2016; therefore no specific correlation is explained with the individual elements indicated in this matching table. Please therefore refer to the information given in this table with regards to all other matters discussed.					

Brescia, 13 March 2018

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



Independent auditor's report on the consolidated non-financial statement

pursuant to art. 3, paragraph 10 of Legislative Decree 254/2016 and to art. 5 of Consob Regulation 20267

To the Board of Directors of Cembre SpA

Pursuant to article 3, paragraph 10 of the Legislative Decree 254 of 30 December 2016 (the Decree) and to article 5 of CONSOB Regulation 20267, we have performed a limited assurance engagement on the Consolidated non-financial statement of Cembre SpA and its subsidiaries (the Cembre group) as of and for the year ended 31 December 2017, in accordance with article 4 of the Decree, approved by the Board of Directors of Cembre SpA on 13 March 2018 (the NFS).

Responsibility of the directors and of the Board of Statutory Auditors for the NFS

The directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the Sustainability Reporting Standards, issued by Global Reporting Initiative in 2016 (GRI Standards), with reference to selected GRI Standards, as laid down in paragraph "Methodological note" of the NFS, identified by them as the reporting standard.

The directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

The directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the group and to the extent necessary to ensure the understanding of the group activities, its trends, its results and related impacts.

The directors are responsible for defining the business and organisational model of the group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the group and for the identification and management of risks generated or faced by the group.

The Board of Statutory Auditors is responsible for overseeing, in accordance with the law, the compliance with the Decree.

Auditors' independence and quality control

We are independent in accordance with the principles of ethics and independence disclosed in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, privacy and professional behaviour. Our audit firm adopts the International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control

PricewaterhouseCoopers SpA

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system which includes processes and procedures for the compliance with ethical and professional standards and with applicable laws and regulations.

Auditors' responsibility

We are responsible for expressing, on the basis of the work performed, a conclusion regarding the compliance of the NFS with the Decree, with the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB), for limited assurance engagements. The standard requires that we plan and perform procedures to obtain a limited assurance that the NFS does not contain material errors. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised and, therefore, do not provide us with a sufficient level of assurance to become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and consisted of interviews, primarily with company personnel responsible for the preparation of the NFS, in the analysis of documents, recalculations and other procedures aimed at obtaining evidence as appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree, with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, to assess its compliance with the Decree;
3. comparing the financial information reported in the NFS with the information reported in the group consolidated financial statements;
4. understanding of the following matters:
 - business and organisational model of the group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the group with reference to the matters specified by article 3 of the Decree, actual results and related key performance indicators;
 - main risks, generated or faced by the group, with reference to the matters specified in article 3 of the Decree.

With reference to such matters, we have carried out some validation procedures on the information presented in the NFS and some controls as described under point 5 below;

5. understanding of the processes underlying the preparation, collection and management of the qualitative and quantitative material information included in the NFS. In particular, we have held meetings and interviews with the management of Cembre SpA and we have performed limited analysis and validation procedures, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.



- Moreover, for significant information, considering the activities and characteristics of the group:
- at a group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and obtained supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures and limited tests, in order to assess, on a sample basis, the consolidation of the information;
 - for the production site of Cembre SpA, which was selected on the basis of its activities, its contribution to the performance indicators at consolidated level and its location, was carried out testing procedures and gathered supporting documentation regarding the compliance with procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that caused us to believe that the NFS of the Cembre group as of 31 December 2017 and for the year then ended has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to selected GRI Standards, as laid down in paragraph "Methodological note" of the NFS.

Other aspects

The comparative data presented in the NFS in relation to previous years has not been subjected to any procedures.

Brescia, 28 March 2018

Signed by

Alessandro Vincenzi
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated into English from the original version, which was issued in Italian, solely for the convenience of international readers.