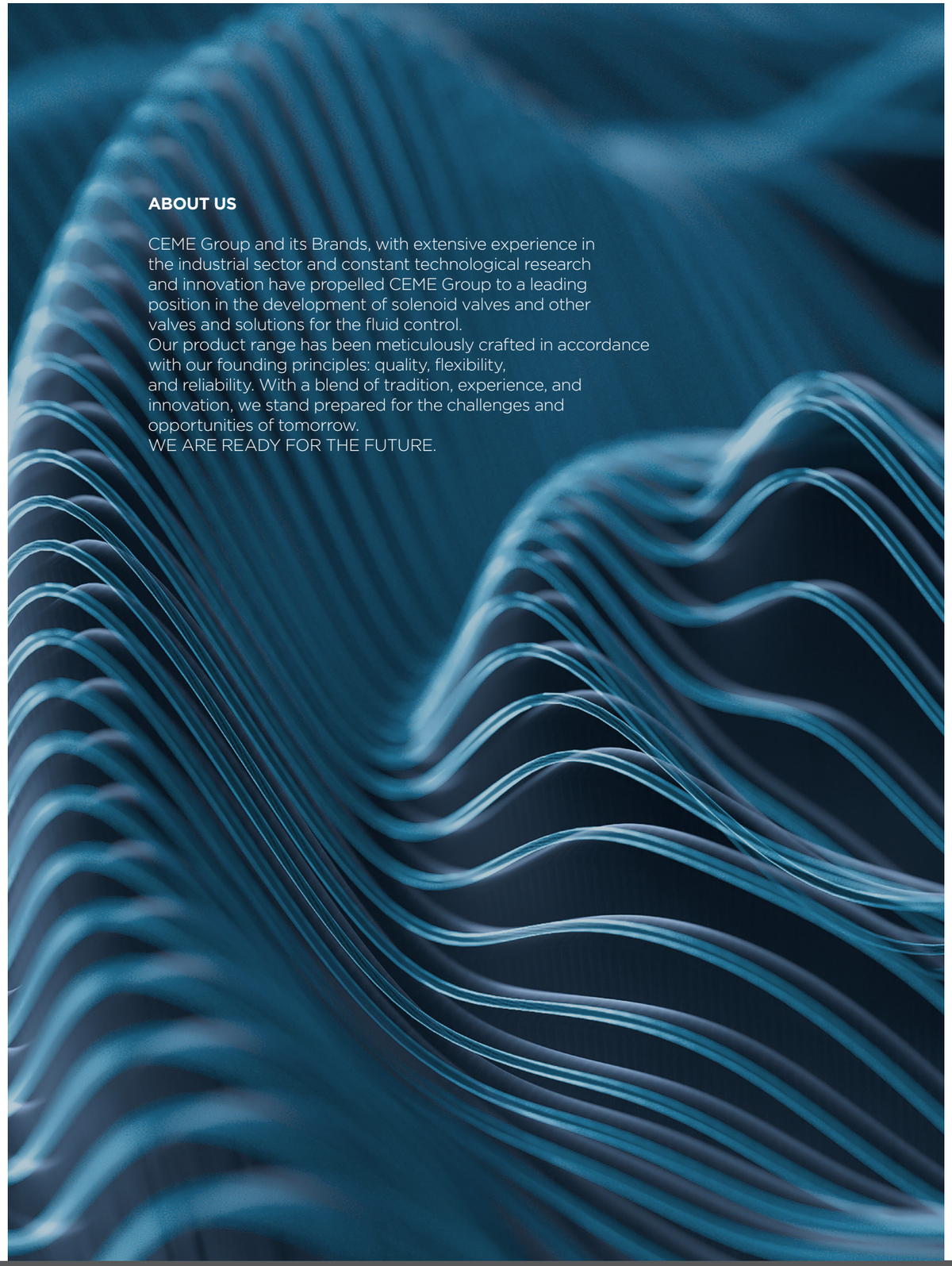
CONTACT INFORMATION

www.**cemegroup**.com

Registered Office
Viale dell'industria, 5
27020 - Trivolzio (PV), Italia

Ph.: +39 038293011
E-mail: info@**cemegroup**.com

Sustainability Progress Report **2024**



ABOUT US

CEME Group and its Brands, with extensive experience in the industrial sector and constant technological research and innovation have propelled CEME Group to a leading position in the development of solenoid valves and other valves and solutions for the fluid control.
Our product range has been meticulously crafted in accordance with our founding principles: quality, flexibility, and reliability. With a blend of tradition, experience, and innovation, we stand prepared for the challenges and opportunities of tomorrow.
WE ARE READY FOR THE FUTURE.

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A MESSAGE
TO OUR STAKEHOLDERS

The year 2024 marked a momentous milestone in the history of CEME as we celebrated 50 years of innovation, growth, and excellence. It was a year of remarkable achievements and progress, driven by our collective efforts to shape the future of the CEME Group.

Throughout the year, we continued to invest in the strategic evolution of our organisation, focusing on enhancing the specialisation of our diverse business units and strengthening our local production capabilities. Our journey was further enriched by key acquisitions in both the American and European markets, enabling us to expand our product portfolio and solidify our position as a leading player in our industry.

These transformative initiatives are deeply aligned with our unwavering commitment to sustainability. Guided by the principles of the United Nations Global Compact and the Sustainable Development Goals, we remain steadfast in our mission to embed environmental, social, and governance (ESG) values into every facet of our operations.

It is with great pride that I present the 2024 edition of our Sustainability Progress Report. This report offers a transparent account of our efforts and achievements, reflecting our dedication to creating a positive impact for all our stakeholders.

I would like to take this opportunity to express my heartfelt gratitude to every member of the CEME Group. Your passion, commitment, and resilience are the driving forces behind our success. Together, we continue to meet challenges with confidence and seize opportunities to shape a more sustainable and prosperous future.

Thank you for being an integral part of this journey.

***Roberto Zecchi**, CEO & President*

SUSTAINABILITY
HIGHLIGHTS

ENVIRONMENT

- Achieved 100% of electricity consumption sourced exclusively from guaranteed renewable energy.
- Installed solar panels with a capacity of 1 MWp at the CEME China plant, contributing to on-site renewable energy production.
- Maintained 100% of production sites certified under the ISO 14001 standard for environmental management systems.

SOCIAL

- Introduced an air conditioning system at the Trivolzio plant to enhance workplace comfort during warmer months.
- Achieved more than 40% increase in training hours per employee compared to the previous year.
- Established a tailored smart working system, adapted and regulated according to specific work activities.
- Maintained 100% of Italian production sites certified under the ISO 45001 standard for health and safety management systems.

GOVERNANCE

- Achieved a subscription rate exceeding 70% for the new Supplier Code of Conduct, reinforcing sustainability principles across our supply chain.
- Maintained 100% of production sites certified under the ISO 9001 standard for quality management systems.
- Earned a Bronze medal in the EcoVadis Sustainability Rating, placing us in the top 35% of companies globally.

50 YEARS OF
EXPERIENCE AND INNOVATION

A GREAT PAST FOR
A BETTER FUTURE

CEME'S HISTORY

Founded in 1974 by Renzo Miotti, CEME has grown to be a world leader in the production of industrial solenoid valves and pumps. Its first significant expansion came between the 1980s and 1990s with the construction of the Tarquinia site located in the Lazio region in Italy. Following this increase in the company's production capacity, CEME decided to expand its business by investing in its production facility. Implementing a specialised engineering department and advanced assembly lines allowed it to multiply its application sectors and extend its product portfolio. This specialisation led to the design and development of fluid control components, such as solenoid pumps, solenoid valves, pressure switches, flow meters, and complete accessories.

MISSION

We aim to be the world's point of reference in the solenoid valve and pump market. We invest in innovation to create functional products.
We use high-quality materials to obtain excellent results.
We aim to be the preferred technical partner for all clients.

With the advent of the 2000s, CEME witnessed the expansion of its presence beyond national and European borders. In 2005, the Group opened a production facility in Zhongshan, China, covering Asian market. The following year, CEME consolidated its territorial hold by absorbing ULKA. This Retorbido (PV)-based company was, at the time, an undisputed market and technology leader for solenoid-piston pumps: the acquisition triggered the Group's growth by giving it full access to the Coffee & Steam market, thus boosting sales and customer portfolio.

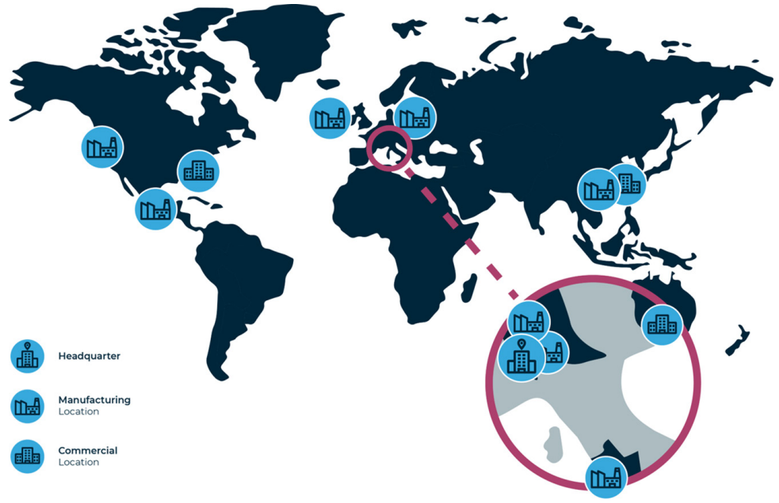
The year 2017 saw the completion of the production consolidation project whereby the manufacturing processes previously distributed among Carugate (MI, Italy) and Brugherio (MB, Italy) were unified in Trivolzio (PV).
Following the acquisition by Investindustrial, with the goal of sustaining steady growth, in 2021, CEME further expanded its scope by formalising two acquisitions: ODE S.r.l located in Colico (LC, Italy) and ACL S.r.l located in Cavenago (MB, Italy).

In 2023, an operational partnership was launched in the Americas with the companies Procon and Micropump, which evolved into a full acquisition in 2024 along with DTI in Europe. Procon specializes in customized fluid control solutions, offering a range of rotary and gear pumps primarily for the beverage and professional appliance sectors; Micropump focuses on medical, automotive, and industrial applications, where high precision and product reliability are essential; DTI is dedicated to the design and production of electronic systems for the professional appliance market. These acquisitions will enable CEME to drive further technological innovation and strengthen its presence in strategic markets.

These new acquisitions are not currently in the scope of this report for 2024 but will be for 2025.

CEME TODAY

With revenues of EUR 283.1 million, CEME employed 1204[1] people as of December 31st, 2024. The vast majority of the Group's workforce is in the operational production plants and offices, in Italy and China, while the remainder are located in small offices in Hong Kong, Shanghai and in the US.



[1] Data referring to the total number of CEME employees worldwide in FTE.

The Trivolzio site, near Pavia, hosts the Group's administrative headquarters and the Company's largest manufacturing facility, equipped with high levels of cutting-edge automation. The plant, together with the Colico (ODE) and Cavenago di Brianza (ACL) sites, mainly deal with assembly activities. Tarquinia plant focuses mainly on manufacturing semi-finished products and components for the intercompany flow, while the northern Italy Trivolzio site, together with ODE and ACL, primarily deal with national and international customers. The four sites combined employed 711[2] people in 2024.

The Zhongshan plant is the reference production centre for the Asian market, covering its main customer base. Thus, the Chinese site, which employed 475[2] people in 2024, deals with semi-finished products, components and final solenoid valves and solenoid pumps sold locally.

Finally, CEME's bridgehead office in the United States, a strategic location tasked with supporting CEME's growth in North and South America employed 3[2] people in the local commercial organization. On the other side of the world, at the end of 2024, 11[2] people were based in a sales office in Hong Kong – the hub of the Company's trade with the Far East market, and 4 in the Shanghai office.

CEME SITE-SPECIFIC COMPETENCES

TRIVOLZIO, ITALY	Administrative and operational HQs
	Research and Development centre & laboratory
	Valves and pumps coil winding and encapsulation
	Plastic components moulding
	Solenoid valves and solenoid pumps assembling and testing
	Internal automation
TARQUINIA, ITALY	CNC, mechanical machining and transfer processing
	Basic components assembly
	Laser welding
ZONGSHAN, CHINA	Solenoid valves and solenoid pumps assembly and testing
	Valves and pumps coil winding and encapsulation
	CNC machining
	Plastic components molding
ODE, COLICO, ITALY	Solenoid valves assembly and testing
	Research and Development laboratory
ACL, CAVENAGO DI BRIANZA, ITALY	Solenoid valves assembly and testing
	Grey chamber for assembly of solenoid valves for specific applications
	Research and Development laboratory

[2] Data referring to the total number of CEME employees worldwide in FTE.

MARKET PRESENCE

Among the many distinctive aspects of CEME's success, the continuous investments and the global presence have assured to the company a sustainable and constant growth. Over the years, the constant diversification of the Group's product portfolio, the consolidation and the strong performance of the traditional markets have boosted a significative expansion, also in terms of market share and new applications.

The full effect of CEME's growth path can be seen today from the several recognitions received by the customers worldwide as well as from the consolidation of the global presence. Today company's products are sold in 74 countries across five continents, proof that CEME is acting as a real global player in the market.

Another critical aspect of CEME's success is its operating model, which considers customers' needs and requests as top priorities. This attention and dedication to the customer is translating into the development of a wide variety of bespoke solutions based on performance, innovation and quality. Among the main markets where CEME is playing, we can identify seven segments that make more than 90% of the Group's business:

COFFEE HA

For many years CEME has been the undisputed reference in the world of domestic coffee machines with a dominant market share. ULKA pumps are undoubtedly the preferred solution for all the major coffee machines manufacturers, in combination with a wide portfolio of solenoid valves in food-grade technopolymer and steel and a recently launched line of flow meters. As a matter of fact, CEME is the only global supplier able to provide a complete set of components that are critical to function.

INDUSTRIAL

CEME is a leader in supplying solenoid valves and pumps for several applications like Welding, Compressors, Thermoregulation, premium appliances, car washing and automation in general. The Group's excellence in the sector has led to build solid relationships with the most renowned brands, thanks to the development of innovative and customised solutions. CEME produces for instance a wide range of solenoid valves for inert gases, peripheral and vibrating pumps for cooling circuits and pressure switches for system control and safety.

BEVERAGE

This segment includes the professional and HORECA coffee machines, vending machines and water and drink dispensers. For this applications CEME develops bespoke products like solenoid valves and manifolds and pumps for multiple applications (peripherals, Rotary Vane and gear pumps). Specifically, CEME has developed a family of vibration pumps to dose syrups and flavors to create the perfect drink. The Group's product portfolio for the beverage market is also including patented plastic valves, control and safety components (pressure switches, transducers, safety valves) that provide clients with a complete set of components for the design of fully automated beverage vending devices.

AUTOMOTIVE

This is a fast growing and promising segment thanks to several new solutions specifically developed for railway (pneumatic micro valves for braking systems), SCR (AdBLUE metering pumps for truck engines) and garage equipment (manifolds for freon recovery and several other devices to maintain and repair traditional and electrical cars).

CLEANING

CEME has always been a pivotal player in the world of steam cleaning. The most important brands in the sector rely on the Group for solenoid valves, pumps, pressure switches and safety valves to guarantee maximum efficiency and quality for their products. Temperature and pressure are critical factors in steam control, especially when the system concerns common appliances for daily usage. For this reason, the Company performs frequent and rigorous tests on its components.

WATER MANAGEMENT

CEME offers a wide choice of solenoid valves, pilots and pumps for water flow control in all conditions. The catalogue includes solenoid valves with hydraulic connections, different types of seals and gaskets and a series of coils for all types of electrical voltages. Used for thermo-hydraulic systems, washing systems, sanitation, cooling systems, irrigation, and water treatment, the Group has recently added a new series of bi-stable solenoid valves (latching valves) addressing the automatic faucets, toilets and showers.

HVAC/R

CEME offers a wide range of solenoid valves and pumps designed specifically for refrigeration systems and applications in the refrigeration and air conditioning industry. These include directly operated and servo-controlled valves, made up of coils with different voltages, solenoid valves for water and water-glycol used on chiller units, and peripheral pumps ideal for recirculation functions. Furthermore, CEME is the absolute reference for condensation water pumps dedicated to drain devices for air conditioning units.

OUR
SUSTAINABILITY PATH

CEME is responsible for setting high standards and achieving continuous progress with regards to our stakeholder. Our commitment is expressed in a continuous effort to understand how best to implement the issues of social and environmental sustainability in our daily actions.

CEME'S KEY STAKEHOLDERS

As one of the steps identified in the sustainability journey of CEME, key stakeholders are mapped and described as far as the engagement activities are concerned in the following table.

STAKEHOLDER GROUPS AND ENGAGEMENT ACTIVITIES

EMPLOYEES	Continuous dialogue between the HR department and employees; specific initiatives
SUPPLIERS	Continuous dialogue
COMMERCIAL PARTNERS	Continuous dialogue; periodic meetings
LOCAL COMMUNITIES	Continuous dialogue; formal meetings and collaborations; specific initiatives
COMPETITORS	None
CLIENTS	Continuous dialogue; periodic meetings; cooperation on R&D of new products; fairs
INVESTORS	Formal meetings; periodic management reports
REGULATORY AND CERTIFICATION BODIES	Formal meetings; continuous dialogue
UNIONS	Continuous dialogue between the HR department and the Unions
PUBLIC ADMINISTRATION	Formal, continuous dialogue

MATERIALITY ANALYSIS

The materiality analysis represents a critical step in developing our Sustainability Progress Report. The depth and breadth of the topics included this year are the outcome of a revised materiality analysis that considers the requirement stated in the new GRI Standards published in 2021.

The materiality assessment, developed in 2022, is aimed at identifying the relevant impacts coming from the different activities carried out along the Group value chain, classified as negative or positive, and as actual or potential, depending on whether they occurred or just could happen but have not yet.

To conduct this analysis, we followed a structured approach comprising several key steps.

We began with a thorough evaluation of our operations and business environment, incorporating a benchmarking review of sustainability reports from industry peers and competitors, as well as an examination of prevailing global sustainability trends and relevant regulatory frameworks. We mapped all elements of the Group's value chain, distinguishing between direct activities and those undertaken by external stakeholders, both upstream and downstream of our core boundaries.

The process starts with upstream operations, which include the extraction and refinement of raw materials that are transported to our manufacturing facilities through an inbound logistics network. At the core of our value chain, we focus on assembly, production engineering, and research & development to foster innovation and create new products. Moving to downstream activities, our outbound logistics network ensures product distribution to clients, who then integrate these components into final goods for consumers. The lifecycle concludes with product utilization and end-of-life management, ensuring the entire cycle.

The operational context sets the basis for our impact assessment. Through this evaluation, we identified various impacts on the economy, environment and society, and analyzed their significance based on severity and likelihood. On the one hand, the severity of an actual or potential impact has been determined according to its scale (how severe the impact is), scope (how widespread the impact is) and irremediable character (how hard it is to counteract or make good the resulting harm). On the other hand, the likelihood represents the chance of the impact happening.

By implementing this structured approach—validated by CEME's Top Management and overseen by the Chief Sustainability Officer appointed by the CEO—we successfully aligned our key impacts with the list of material topics reported in the table below:

MATERIAL TOPIC	IMPACT	DESCRIPTION	VALUE CHAIN
ENERGY AND GHG EMISSIONS	Climate change caused by greenhouse gas emissions	Through the consumption of energy and the use of F-Gas, the activities carried out along the entire value chain generate greenhouse gas emissions thus contributing to negative impacts on climate change. Among others, we mitigate this impact through the use of renewable energy sources in our plants.	Upstream, Core, Downstream
MATERIALS	Depletion of natural resources caused by the consumption of raw materials	The materials used to manufacture the products depend significantly on the use of natural resources, having repercussions on their availability and on the surrounding ecosystems. In order to mitigate this direct effect, our R&D department is constantly active in the research and testing of new renewable plastics and materials.	Upstream

MATERIAL TOPIC	IMPACT	DESCRIPTION	VALUE CHAIN
WASTE MANAGEMENT	Environmental pollution generated by incorrect waste management	The production of waste is directly linked to the production processes and to the disposal of the final product. If not managed correctly, waste treatment can cause damage to the ecosystem. To cope with this impact, we guarantee full adherence with all national legislation and best practices in terms of waste management, both as regards our operations (including eco-design) and suppliers'.	Upstream, Core, Downstream
WATER MANAGEMENT	Reduction of water availability due to improper use of water resources	Water withdrawal and consumption have an impact on the territory in which both CEME and its suppliers operate, reducing the availability of the resource for local populations. In an effort to reduce the effects of this impact we implemented actions in order to rationalize and improve our water management.	Upstream, Core
DIVERSITY AND EQUAL OPPORTUNITIES	Human rights violations resulting from inadequate working conditions	The lack of adequate worker protection practices could generate negative impacts of violation of human rights along the entire value chain. Through its Code of Ethics and the policy system put in place, the direct effect of this impact is then mitigated.	Upstream, Core, Downstream
	Employee discrimination and lack of equal opportunity due to poor D&I practices	The lack of practices to protect diversity and inclusion among employees can generate cases of discrimination and worsen the personal and professional conditions of employees. Also in this case, through its Code of Ethics and the policy system put in place, the direct effect of this impact is then mitigated.	Upstream, Core, Downstream
EMPLOYEES HEALTH AND SAFETY	Damage to the health and safety of workers due to inadequate working conditions	The impacts on workers' health and safety are mainly linked to the presence of physical risks associated with inadequate working conditions in all direct and indirect activities. The full adherence to all applicable legislation and best practices, and the involvement of suppliers on these topics, is the main mitigating lever we rely on.	Upstream, Core, Downstream
CUSTOMER HEALTH AND SAFETY	High quality and durability of the product for the final consumer	Careful controls, production practices, constant attention to detail and innovative processes generate positive impacts for a long-lasting and quality final product, guaranteeing a high level of health and safety for the final consumer.	Core, Downstream

MATERIAL TOPIC	IMPACT	DESCRIPTION	VALUE CHAIN
PEOPLE TRAINING AND DEVELOPMENT	Development of workforce skills through the promotion of training activities	Through the development of specific skills, we equip our employees with the tools and training necessary for their growth, from technical skills to managerial and interpersonal skills.	Core
BUSINESS ETHICS	Violation of business ethics rules and practices	The lack of effective control over corporate conduct and non-compliance with the law can lead to the emergence of cases of corruption and anti-competitive behaviour. Through the years, we have approved documents such as our Anti-Corruption policy and our Code of Ethics to reduce the likelihood of occurrence of this impact.	Upstream, Core, Downstream

CEME has already carried out a Double Materiality Assessment in accordance with the Corporate Sustainability Reporting Directive (CSRD) and aligned with the requirement of the European Sustainability Reporting Standards (ESRS). Following the adoption of the EU Commission's Omnibus simplification package — a legislative initiative designed to ease and streamline sustainability reporting requirements — the CSRD reporting timeline has been postponed to 2028. CEME will use this additional time to further refine and strengthen its materiality analysis, ensuring alignment with the evolving standards and expectations.

UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact (UNGC) is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to undertake partnerships in support of UN goals. The ten principles address the areas of human rights, labor, the environment, and anti-corruption.

Given that most of the Group's direct activities and suppliers are located in Europe, where Human Rights are regulated by law, CEME's Sustainability Report does not directly address the UNGC Human Rights guidelines. As for Zhongshan, the Group's Code of Ethics directly applies to practices in the Chinese facility. In addition, some of the most critical human rights issues related to the Group's activity, such as occupational health and safety, are already included among the "Labour" principles and issues reported by the Company.

Within the UNGC commitment, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development are seen as an integral part, and concrete actions, as well as active support, are expected. The SDGs, adopted by world leaders in

September of 2015, aim to eradicate poverty, mistreatment of human rights and the unequal distribution of resources whilst developing effective strategies to improve and encourage health, education and economic growth. Parallel to all these humanitarian efforts, these goals audaciously strive to tackle climate change and preserve marine and land ecosystems. Given their importance, CEME has identified six SDGs to which it commits its contribution through activities and initiatives. The Group's selected SDGs are highlighted below.

Since 2021, CEME has published its Sustainability Policy[3]. To the Group, sustainability is a core element deeply rooted in its everyday activities and a pivotal enabler for its corporate strategy. Consequently, product quality and corporate social responsibility in all operations are key drivers for CEME's brand success and market dominance.

Furthermore, CEME established its core principles by defining its commitments to sustainability: People and equal opportunities, Safety and workspace, Environment, quality and organizational structure.

[3]The Sustainability Policy will be updated next year, with the aim of broadening its application and complying with and meeting the requirements of the Corporate Sustainability Reporting Directive (CSRD), although now postponed to 2028 following the Omnibus simplification package published by the European Commission.

SUSTAINABILITY AND ESG OBJECTIVES

CEME sustainability path is intended to continually progress by monitoring performance, reporting on initiatives and setting clear, specific and measurable objectives for the future. To achieve this, this year's report focuses on the events of 2024 and future ESG targets organized according to the SDGs for which we will be held accountable.

ECOVADIS SUSTAINABILITY RATING: BRONZE MEDAL

At the end of 2024, the CEME Group carried out the in-depth assessment of its corporate sustainability practices through EcoVadis, the global standard for corporate sustainability assessments. The EcoVadis assessment covers four main themes: environment, labor and human rights, ethics and sustainable sourcing.
In our evaluation we obtained the bronze medal, which places the CEME Group in the top 35% globally.

SDG	SUSTAINABILITY OBJECTIVE	TARGET	YEAR TO REACH THE TARGET	CURRENT STATE
13 CLIMATE ACTION	Reduction of Scope 1 and Scope 2 GHG market based GHG emission	-27,5% emissions reduction by 2030	2030	Ongoing
13 CLIMATE ACTION	% of Electricity covered by Guarantees of Origin purchased and consumed over total electricity in all Ceme group plants (Italy & China)	100%	2024-2025	Achieved for 2024
13 CLIMATE ACTION	Production of green electricity using photovoltaic panels at the Zhongshan plant	Installation of 1000 kWp	2024	Achieved
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION	Installation of new refrigeration system in Tarquinia plant with reduced energy consumption	100% installation	2024	Achieved
13 CLIMATE ACTION	Compensation of transport-related CO2 emissions for Italian plants	100% joining DHL Go-Green program	2024	Achieved

SDG	ESG OBJECTIVE	TARGET	YEAR TO REACH THE TARGET	CURRENT STATE
	Installation of Conditiong system in Trivolzio plant to improve the climate in the warmer months	100% installation	2024	Achieved
	Implementation of a Health and Safety management system according to the ISO 45001 standard in Zhongshan	ISO certificate completion	2026	New objective
	Production of green electricity using photovoltaic panels at the Trivolzio plant: offices, production plant, parking area, garden	Installation of 280 kWp Installation of 700 kWp	2024-2025 2025	Ongoing New objective
	Definition of a Climate Strategy and submission of carbon reduction targets to the Science Based Targets initiative (SBTi)	SBTi targets submission	2025	Ongoing
	Feasibility study for the use of recyclable/sustainable materials for components production	Implementation of recyclable/sustainable components	2024-2027	Ongoing
	Implementation of an Energy management system according to the ISO 50001 standard in Trivolzio plant	ISO certificate completion	2025	Ongoing
	Cybersecurity Awareness extended to the entire organization	80% of staff with company electronic devices	2024-2025	Ongoing (monthly)
	Implementation of energy monitoring system for energy efficiency at Trivolzio plant	100% installation	2024	Ongoing
	Feasibility evaluation for the possible introduction of returnable packaging	Internal logistic between Trivolzio and Tarquinia	2025	Ongoing
	Smart working implementation regulated and differentiated based on the type of work activity.	100% installation at at Trivolzio, Tarquinia, ODE, ACL sites	2024-2025	Ongoing
	Workplace Health Promotion program (WHP) for employee health & wellness	Implementation of the activities at Trivolzio, Tarquinia, ODE, ACL sites	2025-2026	New objective

CORPORATE GOVERNANCE

In 2018, CEME implemented a control and governance system based on a Board of Directors (BoD) that comprises six members[4] and is vested with the powers to ensure the ordinary and extraordinary running of the Company's operations. The following table reports the BoD composition as of the end of 2024.

CEME BOARD MEMEBERS

Zecchi Roberto Francesco	Chiarman
Zecchi Roberto Francesco	Chief Executive Officer
Fasciolo Federico	Director
Palmieri Chiara	Director
Catapano Salvatore	Director
Romeo Bruno	Director

ETHICAL BUSINESS

CEME is firmly committed to conducting its business in full compliance with prevailing laws and regulations as well as with with the principles and rules expressed in the code of ethics.

This document defines the Group's core values and establishes the rights, duties, and responsibilities of all stakeholders. It serves as a benchmark for the day-to-day conduct of company's people and operations, ensuring alignment with our broader commitment to integrity and transparency.

In particular, the Company adopted "anti-corruption" policy, aligned with the principles of the UK Bribery Act reinforcing our zero-tolerance stance toward any form of bribery or unethical behavior.

Our Code of Ethics lays out the corporate values we stand for and the rights, duties, and responsibilities for all stakeholders. The principles and rules of conduct presented in the document govern the Group's daily activities and represent its reference standard. We believe that business ethics are vital precondition for the success of the Company.

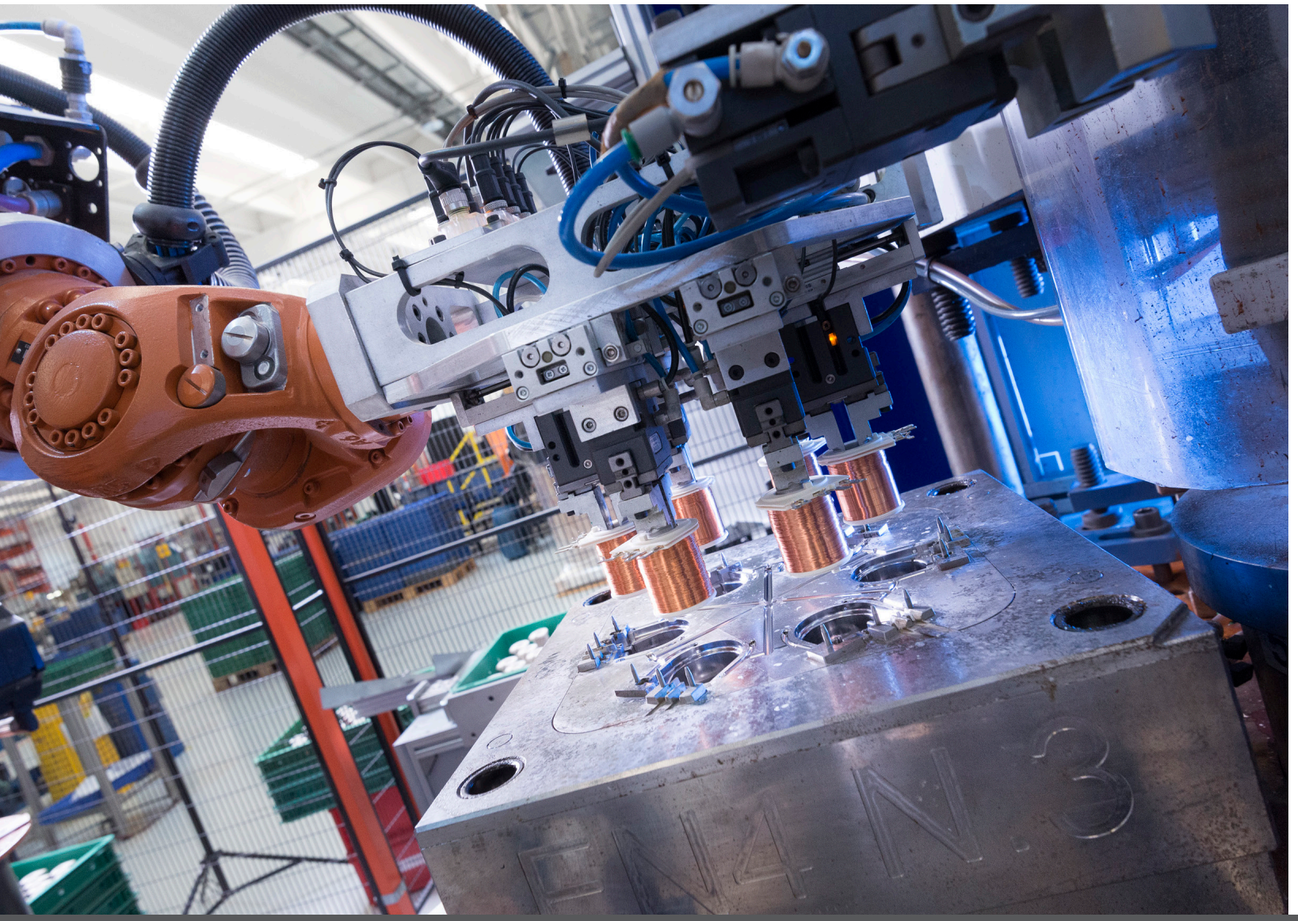
As additional evidence of CEME's commitment to ethical governance on December 2nd, 2024, the company appointed a collegial Supervisory Body (Organismo di Vigilanza, OdV) - composed of

[4] In 2024, the Board membership consisted of one female and four males. As regards age composition, there are no members under 30 years of age, 3 members over 50 years of age and the remainder in the middle-age group.

three members, including two external professionals and one internal member - to ensure a balanced and independent oversight function "pursuant to Italian Legislative Decree no. 231/2001 (the “231 Regulations”), and all applicable legislation. The OdV is responsible for overseeing the effective implementation of the compliance model, verifying its adequacy and promoting continuous updates.

To support a culture of legality and accountability, CEME has established a dedicated reporting channel that allows all employees to make detailed reports of unlawful conduct relevant to the purposes of Legislative Decree no. 231/2001 via a specific portal guarantying full protection of the whistleblower’s identity and ensuring confidentiality throughout the investigation processt.

The implementation of the Code of Ethics, the Model 231, together with CEME's certifications ISO 9001:2015, 14001:2015 and ISO 45001 Quality, Environmental and Health & Safety Management System, represents the framework to ensure compliance with national and international applicable laws and regulations.

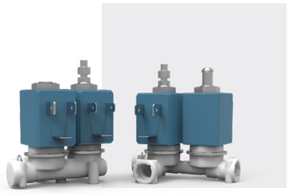


SAFETY AT THE
BASIS OF QUALITY

CEME’s ability to stand out in the solenoid pumps and valves market is principally due to the combination of the Group’s technical and engineering know-how, top-quality materials carefully procured from certified suppliers and flexibility in developing innovative solutions for national and international customers. Attention to product quality and safety is a key aspect of CEME’s commitment towards sustainability: it aims to establish long-lasting relationships with customers, inspired by mutual trust and collaboration, and to manage the production process in a responsible way. CEME pursues its objectives by combining the utmost attention to customer safety and dedication to continuous technological improvement in its processes.

CEME PRODUCTS

Year after year, CEME has diversified its range of products and their possible applications, thereby enriching its portfolio of solutions. In 2024, CEME produced more than 50 product series, divided into six main categories suitable for different uses and customer needs:

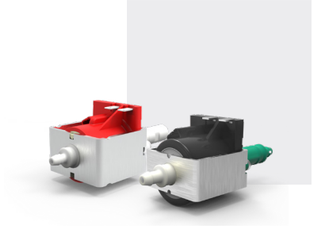


SOLENOID VALVES

CEME valves are suitable for managing different elements such as water, steam, air, refrigerants and oils. Solenoid valves are used to open and close paths, thanks to the combination of a twofold, essential system: an electromagnet and a valve body that offers several ways to regulate flow.

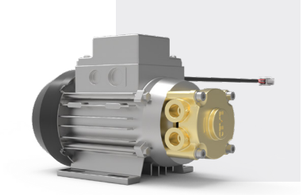
FLOWMETERS

Flowmeters are sensors that measure the volume of water going through the hydraulic circuit used mainly for Coffee machines, Floor cleaning machines, Ironing stations.



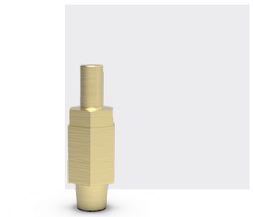
SOLENOID PUMPS

CEME pumps are composed of different materials and have different dimensions, providing compact solutions for high flow rate and low-pressure applications. Solenoid pumps are used mainly in household devices, such as steam irons and coffee machines. Nonetheless, they are also suitable for dealing with both water and highly viscous fluids for many different applications in medical and refrigeration systems. Solenoid pumps include high pressure and vibration pumps.



PERIPHERAL PUMPS

Peripheral pumps are principally used in cooling and re-circulation systems. They are suitable for use with water and chemically non-abrasive fluids. Some CEME models falling within this category are fully compatible with drinking water and are ideal for applications in reverse osmosis depuration systems and in espresso coffee machines, as well as for industrial purposes, with the capacity to reach high flow rates with relatively small motors.



SAFETY VALVES

Safety valves have been engineered mainly for home ironing and professional ironing systems. They are suitable for water, steam and air. CEME diaphragm safety valves have been designed to integrate a special device into common safety valves to prevent potentially dangerous failures when pressure increases.

TRANSDUCERS

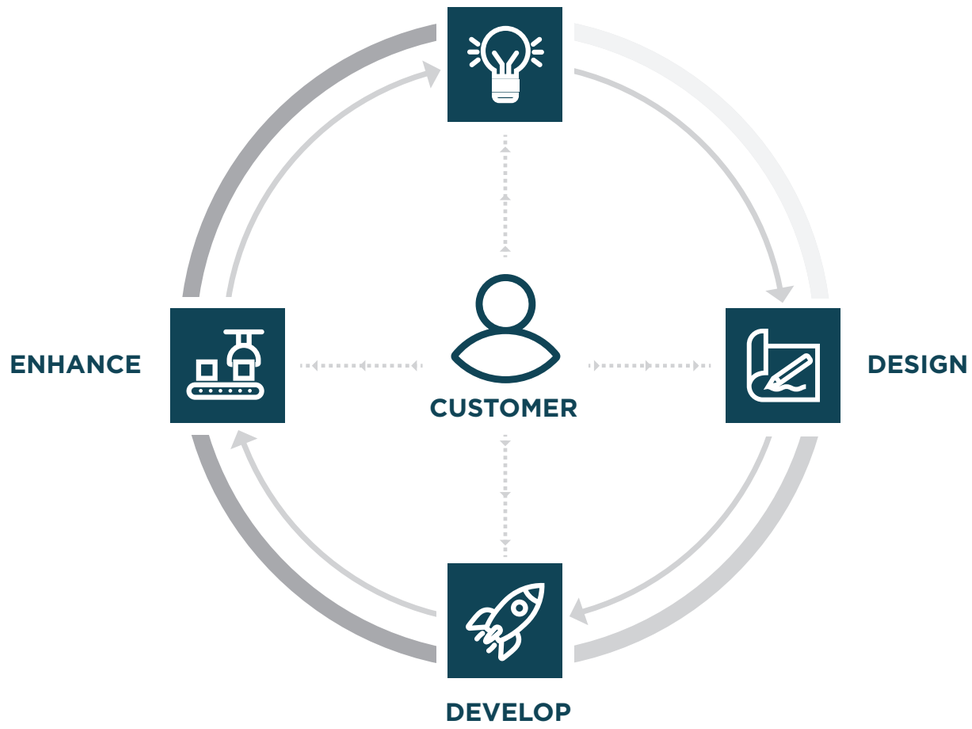
Transducers generate a signal that is directly proportional to the pressure applied and thus can be used in various applications, such as beverage and heating appliances.

QUALITY
AND SAFETY

The continuous quest for quality is one of CEME's gold standards. Indeed, ensuring top product quality is an indispensable criterion for maintaining market dominance. Over the years, the Group has developed complete and meticulous quality control procedures that check all the production phases and deliver the best product quality to its customers.

CEME products are designed, engineered, and assembled almost entirely within the confines of the Group itself. The machining of raw is mainly concentrated in the Tarquinia plant, while assembly takes place in Trivolzio, Zhongshan and ODE and ACL plant in Colico and Cavenago di Brianza. Production verticalization enables the Group to control product quality and safety in every process phase.

All production steps are automatically controlled using statistical software and data archives that enable the operators to monitor processes seamlessly. Products are also checked by CEME Quality Department internal audits. Quality is an intrinsic feature of CEME project development systems, which can be summarised as a circle of four specific steps: define, design, develop and enhance.



The set of tests includes a variety of visual, dimensional, mechanical, chemical, physical, and functional checks that can be divided into two main groups: regular checks carried out on 100% of production, including safety and quality controls; and periodic quality checks, whose frequency depends on customers' needs and normative compliance, along with CEME's experience heritage matured over more than 40 years.

A natural consequence of the Group's attention to quality matters is safety. Therefore, CEME products are carefully assessed for possible impact on customers' safety. CEME products are also suitable for controlling drinking water and beverages. As a result, CEME evaluates the possible risks connected to end customer health and safety in compliance with food contact materials (FCM) protocols.

FOOD CONTACT MATERIALS (FCM)

CEME strongly believes that product safety is key to client satisfaction, as it constitutes a fundamental element in the delivery of top-quality solutions. Therefore, CEME products are conceived to control and manage any fluid, including beverages, drinking water and in particular for the use with the best coffee machines. As a result, CEME must abide by specific security protocols to guarantee Food Contact Materials (FCMs) compliance under national and international laws while ensuring product safety for final users.

High attention is given to the selection of materials used in the production of food contact elements: CEME relies on external laboratories to check the material composition and performs comprehensive and specific migration tests to quantify the transfer of chemical substances from FCM to food every two years.

In addition, extraordinary tests are performed when new materials or suppliers are introduced or if key reference legislation is updated. Finally, CEME releases a declaration of food contact conformity for each of its products subject to FCM requirements.

CEME has also drafted a Good Manufacturing Practice manual (GMP) in order to ensure that products are produced and controlled according to food contact material quality standards. The document covers all aspects of production, from materials procurement to staff training on production practices and personal hygiene. The manual identifies the production phases where FCM requirements apply and analyses the possible related risks. Specific areas of the Group's plants have been assigned to FCM product manufacturing: in these zones, specific rules and protocols have been put in place to guarantee compliance with all applicable requirements and ensure the highest product safety.

The production of top-quality valves, pumps and pressure switches is designed to satisfy demand from customers worldwide, and it is thus subject to a multitude of diverse requirements and laws. CEME products are engineered and built-in compliance with the most important national and international standards. In addition to internal tests and assessments on product quality and safety, periodic controls are also carried out by several external certification bodies, which contributes to guaranteeing compliance with international quality standards.

RELATIONS WITH CERTIFICATION BODIES	CERTIFIED PRODUCTS
VDE Product electrical conformity and safety in Europe	Solenoid pumps Solenoid valves
UL Electrical component safety in USA and Canada	Solenoid pumps Solenoid valves
CSA Product conformity for flammable gas use in USA	Solenoid valves
CE GAS Product conformity for flammable gas use in Europe	Solenoid valves
IMQ Product electrical conformity and safety in Europe	Solenoid pumps Pressure switches
NSF Product conformity for food and drinking water contact in USA	Solenoid pumps Solenoid valves
ACS Product conformity for drinking water contact in France	Solenoid valves
NSF61 Product conformity for food and drinking water contact	Solenoid valves

In 2018, CEME obtained ISO 9001:2015 certification for its Quality Management System, confirmed by independent third party. This certification encompasses the engineering and production processes across all the Group's operational sites. The integration of quality management efforts between ODE and ACL is now fully realized, including the oversight of food contact materials, with particular emphasis on adherence to good manufacturing practices (GMP).

CEME's strong commitment to product quality and safety is further demonstrated by the positive results of customer audits, which require continuous progress and adherence to high standards. The year 2024 was marked by a series of thorough audits, during which the Group upheld complete compliance with quality and food safety regulations—one of these audits achieving an outstanding score of 99.6%. This dedication enables CEME to maintain solid, long-term relationships with major global brands across various market sectors. Additionally, the efficiency of the Group's Quality Management System is reflected in the absence of regulatory violations related to health and safety over the past five years.

A FOCUS ON
SUPPLY CHAIN

CEME's success stems from a well-balanced combination of innovation, a solid industrial strategy marked by vertical integration and automation, customer-centric focus, and a strong global presence. The Group places significant emphasis on the quality of materials sourced from suppliers, recognizing their crucial role in maintaining high standards.

Transformation and production processes are structured to take advantage of the Company's long-standing experience (more than 40 years) and are thus carried out almost entirely internally, from R&D to product delivery.

Another crucial element in the success of CEME is proximity – a pivotal and strategic parameter made possible through a short supply chain that sustains the development of long-lasting relationships based on trust and competence. Furthermore, this proximity entails a profound knowledge of the specific dynamics that characterise our company and those of our partners. The importance CEME has placed on proximity to suppliers has created very stable relationships based on flexibility and reliability that ensures fast production and quick delivery time with unmatched levels of quality as well as being a sign of attention to the broader community.

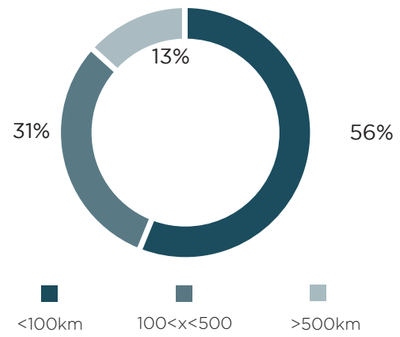
In its manufacturing process, the Group uses semi-finished items produced externally (with more than 100 suppliers of raw materials and components) and internally (Trivolzio, Tarquinia, Colico and Cavenago). Finished products can be assembled internally in the plants of Trivolzio, Colico and Cavenago Italy and Zhongshan, China, and externally by selected subcontractors.

In 2024 the supply chain remained stable without disruptions and maintained a stable supplier network, with only minor adjustments in share distribution. Regarding plastics, the Group has made additional internalization of the production of plastic components, reaching 45% of our needs.

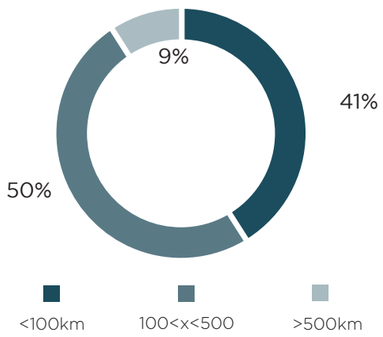
Furthermore, to be more environmentally conscious, in 2024, the supply chain strategy continued to emphasize the 'local for local' concept, prioritizing regional sourcing to bolster local economies and reduce transportation emissions.

In Italy, more than a half of CEME's suppliers are located less than 100 km away from the Group's Italian headquarters, while 31% are located between 100 and 500 km away and 13% are more than 500 km away. The Company's expenditure on suppliers mirrors this latter statistic (9%). In contrast, the remaining 91% is split between suppliers located within 100 km (41%) and those between 100 and 500 km (50%). By grouping the distance ranges into two separate categories and setting the cut-off point at 300 km, we can observe an alignment between the share by distance and expenditure share (around 80%-20%)[5].

TRIVOLZIO AND TARQUINIA SUPPLIERS, BY DISTANCE

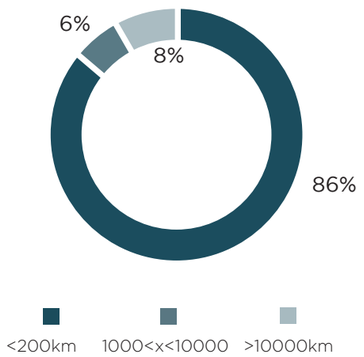


TRIVOLZIO AND TARQUINIA EXPENDITURE ON SUPPLIERS, BY DISTANCE

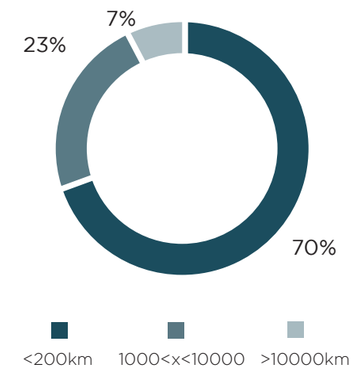


By contrast, Zhongshan has a different supply chain structure, mainly due to regional characteristics and its tight relationship with the Italian HQs. As a result, 86% of suppliers are less than 200 km away from the regional hub, while 8% are more than 10,000 km away, and the remaining 6% are between 1,000 and 10,000 km away. Regarding, expenditure on suppliers in terms of distance: 7% goes to suppliers established more than 10,000 km away (typically located in Europe, and more specifically in Italy). In contrast, 23% and 70% respectively go to suppliers between 1,000 and 10,000 km away and less than 200 km away[6].

ZHONGSHAN SUPPLIERS, BY DISTANCE



ZHONGSHAN EXPENDITURE ON SUPPLIERS, BY DISTANCE



[5] Distances are calculated taking into consideration CEME Italian HQs and the suppliers' HQs.
[6] Distances are calculated taking into consideration CEME Zhongshan HQs and the suppliers' HQs.

As previously mentioned, CEME's business model is significantly reliant on product quality and customer satisfaction. Thus, in order to maintain a good reputation, quality assessment is key to supply chain management. Suppliers are constantly monitored and controlled by the Group: they must deliver the materials promptly and comply with technical standards.

The Quality department carries out supplier assessments for qualification or periodic monitoring with extended checklist based on Quality, Environmental and Health & Safety standards including a section related to Food Contact Materials (FCM) and Sustainability. Starting from these, the activities of the Quality Department extend to the promotion of continuous improvement among suppliers, which includes the development of action plans on the different sections.

To further engage all suppliers and the entire supply chain in Ceme's commitment to sustainability, a new Code of Conduct outlining fundamental Environmental, Social, and Governance (ESG) principles for the Ceme Group was introduced during the year. As of now, over 70% of suppliers have accepted and signed it.

INNOVATION

The CEME Research and Development department is constantly working to find innovative and tailor-made solutions for fluid control systems.

At the moment customers are not yet asking for green alternatives, but there are signs of greater attention to sustainability design in sectors such as coffee, with the adoption of paper pods and the introduction of more sustainable machines.

However, during 2024 CEME actively continued its research activity on green materials, especially on recycled and bio-based options for some components for solenoid pumps, being the first on the solenoid pumps and valves market to move in this direction.

Bio-based materials offer environmental benefits, as they provide the same chemical properties as mineral-based ones. Tests so far have focused on a single pump model, but the results could extend across the full product range. These green alternatives come from renewable sources and are intended for food-contact components, while recycled and renewable-source materials are considered for coils. Functional tests have produced positive results for both pumps and valves, although some molding difficulties remain for the latter. The company has already validated a green material for pumps and is evaluating third-party certification.

Currently, these materials are more expensive from an economic point of view, which makes them difficult to offer as direct alternatives to traditional solutions. CEME is therefore evaluating the possibility of launching them as a new product line, rather than replacing existing ones.

In terms of regulatory developments, there is increasing demand from the U.S. for PFAS-free products: some U.S. states are considering banning PFAS, which may require product redesigns for those markets by 2026.

In China, a new regulation prohibits the use of lead in brass components, particularly for semi-automatic coffee machines: in response, CEME is developing alternatives using steel, plastic, and high-performance polymers to eliminate lead from its components.

CHOOSING
QUALITY MATERIALS

CEME is the market reference for product performance in combination with the best quality and the highest safety. Materials are carefully selected and tested according to the strictest standards and severe internal procedures to exceed customers' requests and expectations.

The primary materials used by CEME are steel, copper, brass and aluminium and are almost always purchased from suppliers that take care of recycling these from previous production scrap. Steel is purchased in bars and subsequently processed in the Tarquinia plant.

Besides raw materials, CEME buys accessory components made up of the same primary materials but used less frequently or occasionally and that cannot be produced internally, such as steel spring or specific electric components like diodes. Moreover, during the production process, CEME also uses certain chemical products such as lubricant grease and oils used for machinery maintenance.

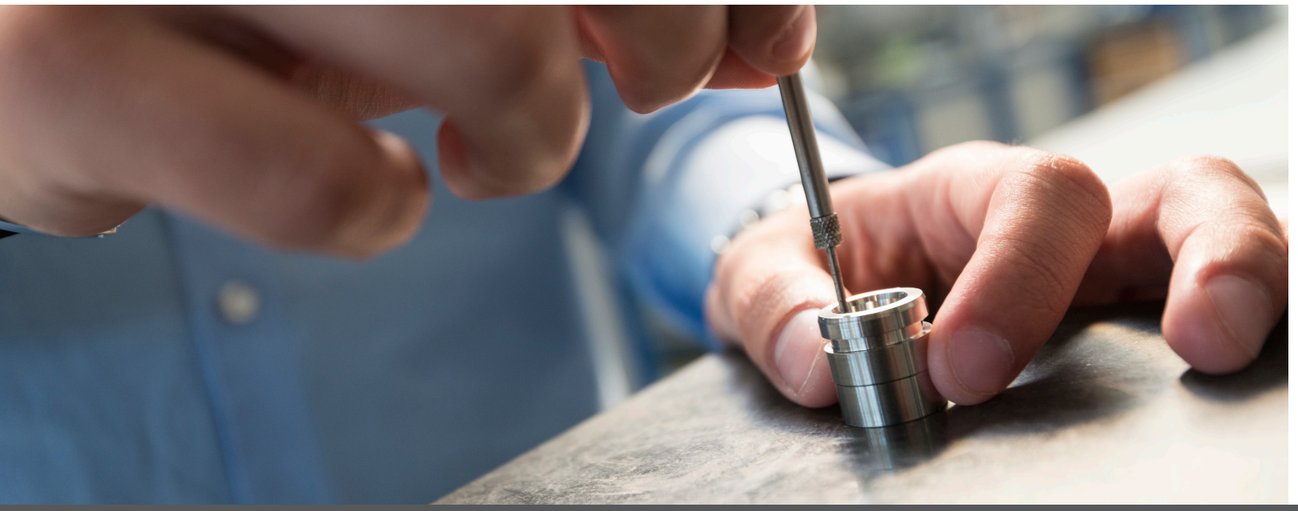
CEME's packaging materials consisted mainly of cardboard boxes: cardboard and paper represented 56% of the total packaging material weight in 2024, while wood and plastic amounted to 33% and 11%, respectively. CEME uses reusable packaging, such as plastic trays, for internal movement of products, or semi-finished products delivered to third parties for the final assembly.

Furthermore, Ceme has reported packaging information on its company website to facilitate collection, reuse, recovery and recycling for the consumer, as expressed by legislative decree no. 116 of 3 September 2020.

CEME's attention to the sustainable use of resources led to purchasing paper and cardboard packaging with FSC[7] Mix and FSC Recycled certifications, fully complying with food industry requirements. FSC Mix certification attests that products are made with wood from certified forests, meaning forests are managed in a way that preserves biological diversity and benefits the lives of local people and workers. Similarly, the FSC Recycled label certifies that all the wood or paper in the products comes from reclaimed or reused materials.

[7] The Forest Stewardship Council (FSC) is an international Non-Governmental Organization. The certification aims at ensuring correct forest management and the traceability of related products. For further details, please visit https://fsc.org/en/fsc-labels

[8] Wood and Paper and cardboard are categorized as renewable materials.



PRODUCTION AND PACKAGING MATERIALS

	UoM	2022	2023	2024
PRODUCTION				
COPPER	Ton	4,981	4,719	5,675
STEEL	Ton	7,980	3,965	2,270
BRASS	Ton	849	694	681
PLASTIC	Ton	3,273	3,258	3,666
IRON COMPONENTS	Ton	4,899	2,680	3,173
ELECTRICAL COMPONENTS	Ton	15	5	6
CHEMICALS (LUBRICANT OILS)	Ton	135	164	172
TOTAL PRODUCTION MATERIALS	**Ton**	**22,132**	**15,485**	**15,643**
PACKAGING[8]				
PAPER AND CARDBOARD	Ton	598	524	702
WOOD	Ton	623	302	415
PLASTIC	Ton	43	113	130
TOTAL PACKAGING MATERIALS	**Ton**	**1,264**	**939**	**1,247**

During 2024, with the aim of reducing the use of paper and cardboard, a project was launched for the use of reusable packaging starting from internal exchanges of material between plants: after several tests, an optimal configuration was defined from both a logistical and ergonomic point of view, which will become operational in 2025 and then evaluate its future extension to suppliers where applicable.

VALUING
OUR PEOPLE

For Ceme Group learning, job rotation and internal mobility opportunities represent a pragmatic approach to encourage people competence development and professional growth.

EMPLOYEES
AT THE CENTER

At the end of 2024, CEME had a workforce of 1,240 people[9] across the four Italian and Chinese sites, including both employees and agency workers. The figure shows an increase of 4% compared to the previous year-end.

CEME WORKFORCE

	UoM	2022	2023	2024
EMPLOYEES	**n.**	**1,306**	**1,159**	**1,215**
MALE	n.	658	600	619
FEMALE	n.	648	559	596
AGENCY WORKERS	**n.**	**80**	**38**	**23**
MALE	n.	30	20	14
FEMALE	n.	50	18	9
INTERNSHIPS	**n.**	**0**	**0**	**2**
MALE	n.	0	0	0
FEMALE	n.	0	0	2
TOTAL	**n.**	**1,386**	**1,197**	**1,240**
MALE	n.	688	620	633
FEMALE	n.	698	577	607

Employees are located mainly in the five operating plants of Trivolzio (Italy), Tarquinia (Italy), Colico (Italy), Cavenago di Brianza (Italy) and Zhongshan (China) and make up 99% of the Group's overall labour force at a consolidated level.[10] Furthermore, the Company's personnel is 50.9%-49.1% (male to female) split, with a light majority of men over women.

Diversity and equal opportunities have always been among CEME's priorities: therefore, the Group is committed to creating an inclusive working environment in which people are treated equally, regardless of gender or other individual differences.
In more detail, CEME largely favours Full-Time over Part-Time contracts, with a division of 99% to 1% in 2024 – a pattern that shows considerable year-on-year stability.

Most of the Company's personnel is permanently employed, representing the 76% of employees, in line with the previous year.

EMPLOYEES (CONTRACT TYPE, FULL-TIME AND PART-TIME, CATEGORY, AGE AND GENDER)

	UoM	2022	2023	2024
REGION				
ITALY	**n.**	**760**	**709**	**717**
MALE	n.	465	445	438
FEMALE	n.	295	264	279
CHINA	**n.**	**546**	**450**	**498**
MALE	n.	193	155	181
FEMALE	n.	353	295	317
CONTRACT TYPE				
PERMANENT	**n.**	**941**	**904**	**925**
MALE	n.	499	473	486
FEMALE	n.	442	431	439
ITALY	**n.**	**721**	**667**	**662**
MALE	n.	455	416	410
FEMALE	n.	266	251	252
CHINA	**n.**	**220**	**237**	**263**
MALE	n.	44	57	76
FEMALE	n.	176	180	187
TEMPORARY	**n.**	**365**	**255**	**290**
MALE	n.	159	127	133
FEMALE	n.	206	128	157

[9] Employees and agency workers headcount in Trivolzio, Tarquinia, Colico, Cavenago and Zhongshan sites.

[10] CEME additionally employed people in its Hong Kong and Shanghai offices, and in the United States.

EMPLOYEES (CONTRACT TYPE, FULL-TIME AND PART-TIME, CATEGORY, AGE AND GENDER)

	UoM	2022	2023	2024
ITALY	**n.**	**39**	**42**	**55**
MALE	n.	10	29	28
FEMALE	n.	29	13	27
CHINA	**n.**	**326**	**213**	**235**
MALE	n.	149	98	105
FEMALE	n.	177	115	130
FULL-TIME AND PART-TIME				
FULL-TIME	**%**	**99%**	**99%**	**99%**
OF WHICH ITALY	%	58%	61%	58%
OF WHICH CHINA	%	42%	39%	42%
PART-TIME	**%**	**1%**	**1%**	**1%**
OF WHICH ITALY	%	92%	92%	94%
OF WHICH CHINA	%	8%	8%	6%
CATEGORY				
EXECUTIVES	%	1%	1%	0.7%
MANAGERS	%	4%	4%	4.1%
WHITE COLLARS	%	18%	19%	18.6%
BLUE COLLARS	%	77%	76%	76.6%
AGE				
<30 YEARS	%	17%	15%	14%
30<X<50 YEARS	%	64%	67%	64%
>50 YEARS	%	19%	18%	22%

The vast majority of the CEME workforce is made up of blue-collar operators, followed by office personnel, middle-managers, and executives – this traditional structure remains very stable from year to year. This aspect is mainly due to the labour-intensiveness of the production of the Group's renowned electro-pumps and electro-valves, together with the high level of integration and internalisation of skills in all the manufacturing phases. To conclude, the Group's personnel is relatively young, with the 78% of people under 50 years of age and only 22% over 50. The trend does not show noteworthy differences across the three-year reporting period.

HIRES AND TERMINATIONS

HIRING AND TURNOVER RATES

As for hires and terminations, the table shows a decisive upward trend for hirings.
The 2024 balance between hirings and terminations settles on +21% with particular focus in the Chinese geography.

	UoM	2022	2023	2024
HIRES	**n.**	**536**	**197**	**349**
MALE	n.	290	92	156
FEMALE	n.	246	105	193
<30 YEARS	n.	206	103	147
30<X<50 YEARS	n.	316	85	183
>50 YEARS	n.	14	9	19
EMPLOYEE HIRING RATE	%	44%	15%	30%
TERMINATIONS	**n.**	**441**	**344**	**288**
MALE	n.	264	166	133
FEMALE	n.	177	178	155
<30 YEARS	n.	182	141	99
30<X<50 YEARS	n.	235	170	146
>50 YEARS	n.	24	33	43
EMPLOYEE TURNOVER RATE	%	36%	26%	25%

Accordingly, the hiring rate, calculated as the ratio between the total number of hires and the total number of employees at the end of the prior reporting period, followed an upward, standing at 30% in 2024 against 15% in 2023. The turnover rate – the ratio between the number of terminations and the overall employees at the end of the prior reporting period – remained stable compared to 2023.

Additionally, as regards recruiting, CEME has participated in initiatives at a technical institute and at the University of Pavia. These initiatives have involved several students, some of whom were initially placed as interns and subsequently hired.

INVESTING
IN OUR PEOPLE

EMPLOYEE TRAINING AND DEVELOPMENT

CEME considers education to be a fundamental tool for ensuring compliance and maintaining the highest standards of quality and safety.

Additionally, the company encourages technical training on products and applications, which is conducted by internal trainers. This approach leverages the expertise within the Group, highlighting internal skills and fostering peer-to-peer learning.

The most significant development has been the introduction of cybersecurity training across the entire organization, supported by the IT department, demonstrating the growing importance of digital security in industrial operations.

TRAINING

	UoM	2022	2023	2024
TRAINING HOURS	**hours**	**8,814**	**9,002**	**12,562**
MALE	hours	5,063	6,503	6,712.5
FEMALE	hours	3,751	2,499	5,849.5
AVERAGE TRAINING HOURS SPLIT BY GENDER				
MALE	hours	7.8	10.8	10.8
FEMALE	hours	5.7	4.5	9.8
AVERAGE TRAINING HOURS SPLIT BY CATEGORIES				
EXECUTIVES	hours	3.4	9.6	4.8
MANAGERS	hours	12.1	3.8	20
WHITE COLLARS	hours	15.2	16.5	20.4
BLUE COLLARS	hours	4.2	5.0	6.8

For the next few years, CEME will continue to increase the offering of learning portfolio for people in addition to job rotation and internal mobility, to promote employee engagement, professional growth and maintain stable retention.
In 2025, among the various training proposals, the Group will launch an English Academy program in collaboration with Assolombarda, involving approximately 90 employees both in groups and individually.

WELFARE & BENEFITS

CEME embraces corporate welfare as a key approach to fostering a supportive work environment where employees can thrive. The company is committed to promoting a healthy work-life balance, recognizing that this is crucial to unlocking the full potential of its workforce. To achieve this, CEME has developed an innovative welfare system aimed at enhancing the purchasing power of individuals and their families.

With a strong awareness of the importance of integrating professional and personal life, CEME launched a Welfare platform for all Italian employees in 2018. This platform provides a broad range of services and opportunities, allowing employees to choose how to allocate their welfare benefits.
The available amount on the welfare platform is composed by an annual component granted by the National Collective Labor Agreement, a component that comes from the second level collective bargaining agreement and finally by a discretionary amount offered annually by the company.

The Italian Welfare plan is integrated with additional benefit measures linked to the National Collective Labor Agreements (NCLA) in force across all Italian sites – the Metalworker National Contract and Industrial Executive Contract – or directly sponsored by the Company.

Some examples of benefits opportunities are as follows: life plan, medical plan, permanent disability and accident coverage (professional and extra-professional), lunch vouchers or canteen services, fitness centre, osteopathic examinations, company locker for personal shopping delivery, flexible working-hours. Moreover, the Company grants access to all the employees enrolled under Metalworker National Contract, to Metasalute Health Insurance and complementary pension plan both for Metalworkers and Executive. Benefits in Zhongshan plant are quite different from the Italian ones and are linked to the local law and legislation.

With the aim of taking care of the well-being of its collaborators, the remote work remains in place and is reviewed annually with dedicated rules and Teams channels to facilitate scheduling.

COLLECTIVE BARGAINING

CEME employees in Italy are covered by national collective bargaining agreements (NCLA). Furthermore, the Group's Italian sites of Trivolzio, Tarquinia and Colico are covered by a second-level agreement integrating the national one in force. The contract allows for better regulation of the employment relationship, ensuring adequate labor safeguard and essential flexibility for the Company.

PROMOTING A SAFE WORK ENVIRONMENT

CEME places the utmost importance on the health and safety of its employees. Health and safety (H&S) matters are managed at a regional level, ensuring that both Italian and Chinese plants adhere to well-established policies, procedures, and management systems that fully comply with local legal requirements.

ISO 45001

Health & Safety Management System according to ISO 45001 standard is maintained in all Italian plants.

In Italy, H&S topics are addressed through a structured and inclusive approach, involving multiple functions across all levels of the company's organizational framework. Specific roles are assigned responsibilities for implementing safety procedures, with regular training sessions conducted to keep their expertise up to date.
Risk assessment is a fundamental component of H&S management. In strict accordance with local laws, health and safety managers—or equivalent professionals—carry out inspections, engage with employees, and proactively identify potential risks. They assess these risks and introduce the necessary preventive measures. This same methodology is applied to work-related injuries, ensuring a thorough and systematic approach.
Employees also have dedicated representatives for health and safety concerns, with one assigned to each Italian site. These representatives participate in regular meetings with management, fostering open communication on safety matters. Additionally, collaboration with labor unions plays a key role in preventing any adverse effects related to whistleblowing on H&S issues.
As legally required, each Italian plant has a designated medical professional on-site to support health and safety procedures.
In terms of training, ergonomics courses were launched, involving different groups of people engaged in workstation design. In addition, monthly training sessions called "Safety Pills" were introduced across all Italian plants by the HSE team, each focusing on a different safety-related topic.
The Zhongshan plant relies on a legally certified third party to take care of occupational assessments concerning H&S risks. On an annual basis, consultants release a risk assessment report: this is fundamentally important for the identification of potentially dangerous situations, and the consequent drafting of mitigation and prevention measures. Together with daily monitoring of employees' health and safety and the presence of a doctor onsite, CEME China provides important on-the-job H&S training to its people.

EMPLOYEE HEALTH & SAFETY[11]

	UoM	2022	2023	2024
Total number of worked hours	hours	3,504,876	2,784,133	2,235,354
Total number of recordable work-related injuries	n.	14	17	26
Work-related injury rate[12]	-	0.80	1.22	2.32

During 2024, CEME recorded 26 injuries, of which 15 occurred in the Italian plants while the remaining 11 in Zhongshan.
Eleven injuries caused more than seven consecutive days of incapacitation while 6 caused more than three days of incapacitation: these mainly involved injuries to hands and feet. During the 2022-2024 three-year period, neither high-consequence work-related injuries, nor fatalities as a result of work-related injuries were recorded.

[11] The reported data refers to the operational plants of Trivolzio, Tarquinia, Zhongshan, in addition to the ODE and ACL's plants and offices.

[12] Calculated as the total number of injuries multiplied by 200,000 and divided by the overall number of hours worked in the reporting period.

SUSTAINABLE
PRODUCTION

CEME recognizes the impact its operations have on both society and the environment and understands the importance of adopting measures to minimize this impact. As a result, the company is dedicated to gaining deeper insight into how environmental sustainability integrates with its everyday processes and to crafting tailored management strategies that produce tangible outcomes. This commitment is closely linked to the Group's ongoing efforts to modernize and improve the efficiency of its facilities through gradual, well-considered initiatives.

From an environmental perspective, the Company strives to guarantee full compliance with all applicable laws and regulations in its five production plants: no incidents of environmental non-compliance have been recorded in the last three years. CEME has implemented an ISO 14001:2015 certified Environmental Management System that covers all its plants.

OUR CARBON FOOTPRINT

CEME is engaged in the progressive improvement of its environmental performance, raising awareness of the impact of its activities and along its value chain. The company's path toward sustainability began with the systematic tracking and transparent reporting of key environmental indicators, including energy usage, greenhouse gas emissions, water consumption, and waste management, as detailed in its Sustainability Progress Report.

ENERGY CONSUMPTION

Energy consumption is one of the most important priorities for CEME, the Group in recent years started to rationalise its consumption through specific initiatives aimed at enhancing energy efficiency including energy audits and the implementation of an energy monitoring system at the Trivolzio site which will be refined in 2025. Total energy consumption remained broadly constant between 2023 and 2024, with a light increase mainly in electricity.

Electricity represents 82% of overall energy consumption: much of it is used in production processes, such as the machinery in the Tarquinia production site (accounting for 44% of CEME total electricity consumption). Other relevant energy vectors are natural gas (10% of overall energy consumption in 2024), diesel and gasoline used by the vehicle fleet (7%), LPG (0.3% of overall energy consumption in 2024) and diesel for emergency generator (0.002% of overall energy consumption in 2024). In particular, the primary source of thermal energy in Trivolzio, ODE Colico and ACL is natural gas, in Tarquinia LPG and in Zhongshan electricity. Additionally, the heat from the air compressor systems in the new Trivolzio HQ production lines is recycled and used in the plant's offices.

SUSTAINABILITY TARGET: PHOTOVOLTAIC SYSTEM

In the last quarter of 2024, 1,830 solar panels have been installed at CEME's facility in Zhongshan, China, capable of generating 1,100 kWp. In 2025, a further investment will be made in the photovoltaic system with the implementation of almost 1,000 kWp at the Trivolzio headquarters using the roof of the offices and the production site, a part of the garden and the parking lot.

ENERGY CONSUMPTION

	UoM	2022	2023	2024
Electricity	GJ	76,646	69,764	80,635
Natural gas for heating purposes	GJ	7,759	6,217	9,602
LPG	GJ	754	586	292
Gasoline for car fleet	GJ	1,278	1,277	987
Diesel for car fleet	GJ	5,532	6,839	5,528
Diesel for emergency generators	GJ	0	0	2
TOTAL ENERGY CONSUMPTION	**GJ**	**91,969**	**84,683**	**97,046**

GHG EMISSIONS

In order to monitor the environmental impact of the production process and to plan effective management strategies, CEME measures and discloses the Greenhouse Gas (GHG) emissions from its activities. In accordance with the GHG Protocol Corporate Accounting and Reporting Standard, the Company reports all the relevant direct GHG emissions (Scope 1), indirect emissions from electricity purchased from the national grid (Scope 2) and a selection of the relevant indirect emissions occurring outside the Company (Scope 3). CEME is undertaking to reduce its Scope 1 and Scope 2 – Market based GHG emissions by 27.5% by 2030 (baseline 2019), in line with the WB2C (well-below 2°C) scenario as provided by the Science-Based Targets initiative's calculation methodology[13].

In 2025, CEME aims to formalize its emissions reduction targets by submitting them to the Science Based Targets initiative (SBTi), marking a key milestone in its sustainability journey and reinforcing its commitment to climate action.

GHG SCOPE 3 EMISSIONS CATEGORIES[14]	DESCRIPTION
1 - PURCHASED GOODS AND SERVICES	Upstream emissions from the production of products purchased or acquired.
2 - CAPITAL GOODS	Emissions related to the productions of capital goods purchased.
3 - FUEL AND ENERGY-RELATED ACTIVITIES	Emissions related to the production of fuels and energy purchased and consumed.
4 - UPSTREAM TRANSPORTATION	Emissions related to the transportation and distribution services purchased by CEME in the reporting year, including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between CEME's proprietary facilities.
5 - WASTE GENERATED IN OPERATIONS	Emissions from third-party disposal and treatment of waste generated by the Group's owned or controlled operations.
6 - BUSINESS TRAVEL	Emissions from the transportation of employees for business-related activities.
7 - COMMUTING EMISSIONS FROM THE TRANSPORTATION OF EMPLOYEES BETWEEN THEIR HOMES AND THEIR WORKSITES.	Emissions from the transportation of employees for business-related activities.
8 - UPSTREAM LEASED ASSETS	Operation of assets leased by CEME (lessee) in the reporting year and not included in scope 1 and scope 2.
9 - DOWNSTREAM TRANSPORTATION	Emissions related to the outbound transportation and distribution services not purchased by CEME in the reporting year.
11 - USE OF SOLD PRODUCTS	Downstream emissions related to the use of products sold by CEME.
12 - END OF LIFE TREATMENT OF SOLD PRODUCTS	Emissions from the waste disposal and treatment of the products sold by CEME (in the reporting year) at the end of their life.

[13] The Science-Based Targets initiative was created by the collaboration between the CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). It is acknowledged to be one of the commitments of the 'We Mean Business Coalition'. The initiative supports companies in defining emission reduction targets that will cap global warming well below 2 °C (WB2C) aiming to stay within +1.5 °C compared to pre-industrial temperatures, in line with what is foreseen by the Paris Agreement.
[14] The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard – Revised edition.

SUSTAINABILITY TARGET

Scope 1 + Scope 2 emissions reduction of 27.5% by 2030 (aligned with the Science-Based Targets initiative (SBTi) well-below the 2°C pathway).

GHG Scope 2 emissions have been calculated both with the location-based and market-based methods. The first one reflects the average emission intensity of grids, while the second reflects emissions from the electricity source the Group has purposefully chosen.

Scope 1 emissions (which includes emissions from refrigerant gas refills and fuel consumption for heating, car fleet and emergency generators) remained broadly constant between 2023 and 2024.

SUSTAINABILITY TARGET: RENEWABLE ELECTRICITY

In 2024 all the plants have sourced 100% of electricity from renewable resources certified by Guarantees of Origin (GOs) certificates.

While Scope 2 emissions (Location based method) increased for 15%, the Market based ones decreased for 100% due to the complete amount of electricity purchased with Guarantees of Origin certificates.

Scope 3 emissions, equal to 338,941.79.93 CO2eq, are mainly related to the purchase of raw materials and semi-finished components to produce and package products, that accounts for 30% of the total amount and the use of sold products in final applications that accounts for 67%.

	UoM	2022	2023	2024
Direct emissions (Scope 1)	**tCO_{2eq}**	**1,204.23**	**1,157.77**	**1,064.13**
Natural gas for heating purposes	tCO_{2eq}	435.86	350.18	540.76
Diesel for car fleet	tCO_{2eq}	393.83	482.79	390.12
Refrigerant gas refills for air-conditioning systems	tCO_{2eq}	241.22	204.46	50.60
LPG	tCO_{2eq}	48.24	36.49	18.70
Gasoline for car fleet	tCO_{2eq}	85.08	82.98	63.82
Diesel for emergency generators	tCO_{2eq}	-	-	0.13
Indirect emissions (Scope 2) - Location based method	**tCO_{2eq}**	**8,260.63**	**6,589.18**	**7,605.91**
Indirect emissions (Scope 2) - Market based method	**tCO_{2eq}**	**3,225.24**	**4,518.83**	**-**

Other indirect emissions (Scope 3)	**tCO_{2eq}**	**327,383.96**	**308,512.85[16]**	**338,941.79**
Cat. 1 – Purchased good and services	tCO_{2eq}	110,333.14	94,564.38	101,707.84
Cat. 2 – Capital Goods	tCO_{2eq}	4,529.35	4,221.61	1,091.36
Cat. 3 – Fuel and energy related activities	tCO_{2eq}	2,463.77	1,293.44	203.90
Cat. 4 – Upstream transportation[15]	tCO_{2eq}	1,249.20	1,304.43	1,410,67
Cat. 5 – Waste generated in operations	tCO_{2eq}	627.37	495.57	1,129.88
Cat. 6 – Business travel	tCO_{2eq}	10.40	70.69	152.79
Cat. 7 – Commuting	tCO_{2eq}	1,312.52	985.36	973.11
Cat. 8 - Upstream leased assets	tCO_{2eq}	7,023.41	1,420.42	208.00
Cat. 9 - Downstream transportation	tCO_{2eq}	1,382.32	1,103.96	1,298.34
Cat. 11 - Use of sold products	tCO_{2eq}	196,153.39	201,185.18[16]	228,521.86
Cat. 12 - End of life treatment of sold products	tCO_{2eq}	2,299.09	1,867.79[16]	2,244.04
Total (Scope 1+2+3) - Location based method	**tCO_{2eq}**	**336,848.82**	**316,259.80[16]**	**347,611.83**

As a further commitment with respect to climate change, CEME has purchased nature-based carbon credits in order to compensate for its residual GHG Scope 1 and Scope 2 – Market based emissions generated during the 2024 reporting year. This initiative has allowed the Group to become carbon neutral with respect to the activities falling within the reporting perimeter and is designed as a transition tool to mitigate its impact on the road to effectively reducing carbon emissions.

CARBON
OFFSETTING PROJECT

As a complement to CEME's initiatives to manage and reduce its absolute greenhouse gas ("GHG") emissions, the Company has since (2020) purchased carbon credits to neutralise ("offset") its residual Scopes 1 and 2 operational emissions. The Company's primary climate mitigation approach is to reduce its absolute carbon emissions over time. Through the purchase of carbon credits, CEME also provides carbon financing to climate mitigation projects beyond its value chain. As each credit corresponds to the removal of one ton of CO2 equivalent (CO2e), the Company can – under voluntary carbon market standards and guidance – claim it has reached carbon neutrality (Scope 1 and 2) in a given year by purchasing credits to offset its residual emissions. From the outset, the two projects from which CEME has purchased carbon credits are the "Great Bear Forest Carbon" and the "Guatemalan Conservation Coast" projects. These two projects were chosen because of their strong credentials on environmental and biodiversity issues as well as their social initiatives.

Great Bear Forest Carbon project*, Canada

The Great Bear Rainforest is one of the world's largest remaining, intact rainforests. Stretching across 6.4 million hectares on British Columbia's northern coast, it contributes to carbon absorption on a massive scale. This landscape is home to diverse wildlife, including the rare Spirit Bear. First Nations communities have protected and cared for this rainforest for over 14,000 years.
The Great Bear Forest Carbon Projects protect the ecological and cultural integrity of the Great Bear Rainforest and Haida Gwaii. Revenue from these projects funds vital initiatives such as forestry planning, marine and biodiversity management, and investment in sustainable industries – including renewable energy, tourism, shellfish aquaculture, and non-timber forest products. By purchasing carbon offsets from the Great Bear Forest Carbon Projects, buyers contribute to a globally recognized conservation effort that safeguards ancient forests, upholds Indigenous rights, and supports resilient communities.

Guatemalan Conservation Coast project, Central America**
The Guatemalan Conservation Coast programme works to address the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. Some of the most important project achievements to date are the protection of 30 threatened tree species including the Baird's tapir and West Indian manatee, the protection of 54,157 hectares of threatened forest in the Mesoamerican Biological Corridor and the creation or support of 487 jobs for indigenous and local communities. 54,157 hectares of threatened forest in the

[15] The value has been restated due to the adoption of a more accurate calculation methodology.

(*) The Great Bear Forest Carbon project is registered on the British Columbia Registry under three different projects: Great Bear (South Central Coast) 104000000011319, Great Bear (Haida Gwaii) 104000000011559 and Great Bear (North and Central-Mid Coast) 104000000012798 aims to generate Improved Forest Management and reforestation-based carbon credits.

(**) The Guatemalan Conservation Coast project is registered on the Verra registry, REDD+ Project for Caribbean Guatemala: The Conservation Coast 1622, applies Verra's Verified Carbon Standard (VCS Standard v4.3 VM0015) and the Climate, Community and Biodiversity Standards v.3.1, and will generate carbon credits from avoided unplanned deforestation representing c. 22 million tonnes of CO2e.

Mesoamerican Biological Corridor and the creation or support of 487 jobs for indigenous and local communities.

OTHER EMISSIONS TO AIR

CEME also manages air quality monitoring in full compliance with all applicable national requirements and ISO 14001:2015 standards.

CEME's additional air emissions primarily stem from manufacturing operations, which are subject to stringent EU regulations. Across all facilities, air pollutants—including Volatile Organic Compounds (VOC), Volatile Organic Solvents (SOV), oil mists, and other specific contaminants—are closely monitored in accordance with national laws and environmental permits.

In 2024, CEME assessed its total significant air emissions category by analysing periodic reports and comparing them against operational hours. The company's yearly objective remains focused on adhering to legal standards and environmental requirements, striving to optimize processes, reduce emissions, and contribute to the protection of both the environment and public health.

SIGNIFICANT AIR EMISSIONS CATEGORY	PLANT	UoM	2023	2024
Volatile Organic Compounds (VOC)	CEME Trivolzio	kg	555.9	229.8
	CEME Zhongshan	kg	-	344.4
	ODE Colico	kg	667.0	537.1
Particulate Matter (PM)	CEME Trivolzio	kg	35.4	14.4
	CEME Tarquinia	kg	23.7	26.1
	ODE Colico	kg	11.3	1.5
Volatile Organic Solvents (SOV)	CEME Tarquinia	kg	25.5	59.6
Oil Mists	CEME Tarquinia	kg	1,174.4	2,593.8
Aromatic Hydrocarbons and Polycyclic Aromatics (IPA)	ODE Colico	kg	0.0001	0.0001
Metals	CEME Trivolzio	kg	0.2	0.1
	ODE Colico	kg	0.01	-
Formaldehyde	CEME Trivolzio	kg	0.3	4.2

RESPONSIBLE RESOURCE MANAGEMENT

WASTE MANAGEMENT & RECYCLING

CEME manages waste production and disposal in full compliance with all applicable national requirements and with ISO 14001:2015 standards.

The Company's waste production derives mainly from production processes, as they include both hazardous and non-hazardous waste, the vast majority of which belongs to the latter cluster (91% in 2024). Waste generated that was recycled or reused amounted to 75% of the total waste weight generated in 2024. In the Trivolzio HQs, waste production is mainly from valve and pump assembly processes and packaging materials: the recycled waste share peaked at 94% in 2024. Non-hazardous waste sent to landfill or incineration decreased in 2024 in comparison to 2023.

Among the waste categories produced by the Group the ones that registered the highest amounts were metal scraps (53% of the total waste in 2024), liquid waste solutions (18% of the total waste in 2024), and machine oil (8% of the total waste in 2024). Moreover, the category under the item "other" includes low quantity of occasional waste as toner from the office activities, or construction material from extraordinary maintenance work, that account for only 0.17% of total waste generated.

FROM STEEL SCRAP TO OIL REDUCTION

In the Tarquinia production site, steel scraps from production processes are recovered and turned into steel briquettes, thanks to a combined system of centrifuge and hydraulic press. Furthermore, the oils used in the machinery are recovered through a high level-filtration system that makes fluids available for reuse by removing impurities.

The combination of a steel scrap press and oil filtration allows the Company to reduce the production of waste, thus enhancing reuse of materials and reducing operating costs.

WASTE (DISPOSAL BY CATEGORY)

	UoM	2022	2023	2024
Metal scrap	ton	1,962.59	1,657.63	1,856.12
Liquid waste solutions	ton	715.49	667.13	609.84
Scraps	ton	345.70	120.48	43.67
Discarded equipment	ton	287.49	141.04	202.07
Machine oil	ton	220.98	210.59	272.34
Paper and board	ton	89.13	86.28	145.30
Plastics waste	ton	56.24	78.93	180.46
Wood packaging	ton	60.66	45.38	93.85
Packaging materials	ton	38.31	29.40	45.66
Textile waste	ton	10.71	10.21	29.11
Other	ton	9.48	3.65	5.96
TOTAL	**ton**	**3,796.77**	**3,050.73**	**3,484.38**
Hazardous waste	ton	274.46	268.27	323.40
Non-hazardous waste	ton	3,522.31	2,782.46	3,160.98
Recycled	ton	2,893.50	2,353.23	2,605.80
Landfilled or incinerated	ton	903.27	697.49	878.58

WATER CONSUMPTION

Apart from civil use in office buildings and in sanitisation procedures, CEME water consumption is mainly attributable to manufacturing processes and to the hydraulic performance testing of finished products in particular in Trivolzio, Cavenago and Zhongshan headquarters.

In 2024 the total water consumed by CEME amounted to 68,470 cubic metres, with an increase caused by water circuit losses and pipe breaks at the Tarquinia site. The water used by the Group is drawn mainly from municipal utilities, with the only exception being the Tarquinia plant where, since 2018, part of water withdrawal is drawn from groundwater. In line with the previous years, during 2024 the amount of reused or recycled water is equal to 0 m^3.

WATER WITHDRAWAL

	UoM	2022	2023	2024
Ground water	m^3	1,277	560	16,241
Third-party water (Municipality)	m^3	92,228	94,895	108,291
Total	**m^3**	**93,505**	**95,455**	**124,532**

CEME makes use of water drawn from municipal aqueducts to test its pumps and valves. However, in order to guarantee the best testing conditions and to comply with FCM best practices, the water is treated through a process of reverse osmosis[16] located in Trivolzio, Cavenago and Zhongshan.

[16] Reverse osmosis is a desalination mechanism based on the physical separation of water-dissolved minerals.

APPENDIX

SOCIAL	2022	2023	2024
TOTAL NUMBER OF FULL TIME EQUIVALENT (FTE) EMPLOYEES AT THE END OF THE REPORTING PERIOD			
MALE	653.3	602	618
FEMALE	622.7	552	586
TOTAL	1,276	1,154	1,204
NUMBER OF FULL TIME EQUIVALENT (FTE) EMPLOYEES AT THE END OF THE REPORTING PERIOD, EXCLUDING EXTERNAL GROWTH			
MALE	653.3	602	618
FEMALE	622.7	552	586
TOTAL	1,276	1,154	1,204
NUMBER OF SENIOR MANAGEMENT[17]			
MALE	12	14	11
FEMALE	2	1	2
TOTAL	14	15	13
VOLUNTARY EMPLOYEE TURNOVER RATE	33%	28%	2.3%[18]
IS THERE A WORKERS' COUNCIL IN PLACE?	YES	YES	YES
LOST TIME INJURY FREQUENCY RATE (LTIFR)	0.8	1.2	1.85
ACCIDENT SEVERITY RATE	0.1	0.1	0.02
ABSENTEE RATE	0.5%	0.5%	0.4%

ENVIRONMENTAL DATA	2022	2023	2024
DO YOU HAVE AN ENVIRONMENTAL MANAGER IN THE COMPANY?	YES	YES	YES
HOW MUCH OF YOUR TOTAL ELECTRICITY CONSUMPTION IS MET VIA RENEWABLE ENERGY SOURCES? (KWH)	15,991,234	11,081,054	22,594,650
% RENEWABLE ELECTRICITY	75.1%	57.2%	100%
ENERGY CONSUMPTION (KWH)	25,552,548	23,526,678	27,153,726

[17] As of 2023, the data reported for this category concerns Senior Management, defined as C-Suite plus one reporting level below (i.e. the C-Suite and its direct reports).
[18] The value is calculated by considering voluntary departures of permanent employees.

METHODOLOGICAL NOTE

CEME's Sustainability Progress Report has been prepared with reference to the GRI Sustainability Reporting Standards. The content of the report reflects the results of the materiality analysis as described in detail in the paragraph "Materiality analysis" (see Introduction).
As a signatory to the United Nations Global Compact (UNGC) Initiative since April 2020, CEME, through this Sustainability Progress Report, fulfils its commitment to produce a Communication on Progress – a public disclosure outlining its progress in implementing the principles of the UNGC. The UNGC Principles are clearly mapped against the GRI indicators in the GRI Content Index.

SCOPE OF REPORTING

This document includes a description of initiatives and activities carried out from January 1st to December 31st, 2024, as well as the related key performance indicators, presented for the 2022-2024 period, where available.
The plants falling within the reporting scope are located in:
- Trivolzio, Viale dell'Industria 6, 27020 Pavia, Italy;
- Tarquinia, Via R. Sanzio 34, 01016 Viterbo, Italy;
- Zhongshan, Industrial Road 38, 528415 Guangdong Province, China.
- ODE C, Via Borgofrancone, 18, 23823 Colico LC, Italy
- ACL, Via G. Falcone, 6, 20873 Cavenago di Brianza MB, Italy

TOPIC BOUNDARY

The following table provides the link between CEME's material aspects and the corresponding GRI Standards topics. The scope and any eventual limitation concerning the reporting boundary due to the unavailability of data and information on the external boundary are duly specified. In the coming years, CEME is committed to gradually extending the scope of data collection and reporting for each material topic.

QUALITY REPORTING PRINCIPLES

CEME's Sustainability Progress Report is drafted with reference to the GRI Standards, and with the principles of accuracy, balance, clarity, comparability, completeness, timeliness, verifiability and sustainability context. The document highlights both strengths and weaknesses, as well as potential areas of improvement for the Group. The data collection and reporting process are structured to ensure comparability over the years and the correct interpretation of information by the key stakeholders interested in CEME's performance assessment. Furthermore, and as far as the precautionary principle is concerned, a risk-opportunity approach for the management system is applied. The present Sustainability Progress Report is not subject to external assurance.

CALCULATION METHODOLOGIES

Methodologies and assumptions used to calculate performance indicators included in this report are reported below:

- All 2024 data related to injuries refer to both CEME employees and contractors. First-aid cases and commuting injuries for which transportation has not been organised by the Company are not included.
- Where environmental data has not been available, conservative estimates have been used, resulting in the underestimation of CEME's environmental performance.
- The total recycled waste of the Italian plants has been determined based on disposal methods and waste weights as reported in the Environmental Declaration Form (Modello Unico di Dichiarazione Ambientale).
- Data concerning Trivolzio's water withdrawal is estimated starting from metered water discharged and assumed as 1:1.
- Hiring and turnover rates have been calculated by using the total number of employees at the beginning of the reporting period as denominator.
- Lost time injury frequency rate has been calculated with the total lost time injuries multiplied by 200,000 and divided by the overall no. of hours worked in the reporting period.
- The energy consumption of the Company's owned and long-term leased vehicles has been calculated starting from available fuel consumption data.

The following table shows the conversion factors that have been used:

Diesel and Gasoline Fuel density (liter/ton) Calorific Value (GJ/ton)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024.

The energy consumption of the Company's heating system has been calculated starting from natural gas and LPG available consumption data. The following table shows the conversion factors that have been used:

Natural gas Calorific Value (GJ/1000Stm^3)	Italian Ministry for Environment, Tabella parametri standard nazionali, 2022, 2023, 2024.
LPG Fuel density (litre/ton) Calorific Value (GJ/ton)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024.

- Greenhouse Gas emissions calculations are carried out based on the principles outlined in the GHG Protocol Corporate Accounting and Reporting Standard.

Scope 2 emissions resulting from the consumption of electricity purchased from the national grid are calculated according to two different methodologies: the location-based method reflects the average emissions intensity of grids where the energy consumption occurs; the market-based approach reflects the emissions from the electricity source that the Company has purposefully chosen. For the Zhongshan plant, Scope 2 market-based emissions have been calculated using the location-based energy mix coefficient.
Outbound logistics distances have been calculated by considering all shipments of sold products from CEME sites to customers. The calculation does not take into account intercompany and spare parts shipments.
2024 Scope 3 data account for a selection of emission categories as specified in the table below.

In detail, CEME's GHG Emissions have been calculated as follows:

GHG EMISSIONS, SCOPE 1

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GLOBAL WARMING POTENTIAL (GWP)
Natural gas for heating	Fuel consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024.	CO_2 equivalent emissions were considered
LPG for heating			
Diesel and gasoline for car fleet			
Diesel for emergency generators			
Refill of refrigerant gases of air-conditioning systems	Leakages		Global Warming Potentials (GWPs) are taken from IPCC Fifth Assessment Report (AR6)

GHG EMISSIONS, SCOPE 2

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GLOBAL WARMING POTENTIAL (GWP)
LOCATION-BASED METHOD			
Electricity purchased from the national grid	Electricity consumption	EEA (European Environment Agency) 2022, 2023 Terna, Confronti internazionali, 2019, 2020	Only CO_2 emissions were considered
MARKET-BASED METHOD			
Electricity purchased from the national grid	Electricity consumption	Europe - AIB, European Residual Mixes, 2020, 2021, 2022	CO_2 equivalent emissions were considered
		Terna, Confronti internazionali, 2019, 2020	Only CO_2 emissions were considered

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GLOBAL WARMING POTENTIAL (GWP)
Materials procured (Cat. 1)	Weight of raw, process and packaging materials procured	Ecoinvent, v.3.11 (2024) UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024.	CO_2 equivalent emissions were considered
Water withdrawn (Cat. 1)	Volume of water withdrawn (cubic metres)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024.	CO_2 equivalent emissions were considered
Capital Goods (Cat. 2)	Capex by product category	Department for Environment, Food and Rural Affairs (DEFRA), Conversion factor – "Table 13" Indirect emissions from the supply chain	CO_2 equivalent has been considered
Fuel and energy related activities (Cat. 3)	Fuel and electricity consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024.	CO_2 equivalent emissions have been considered
Upstream logistics (Cat. 4)	Kilometres covered by air, truck or ship multiplied by shipped weight (ton)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023.	CO_2 equivalent emissions were considered
Waste disposal (Cat. 5)	Weight of waste disposed (ton)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024. Ecoinvent, v.3.11 (2024)	CO_2 equivalent emissions were consideredw
Wastewater discharged (Cat. 5)	Volume of water discharged (cubic metres)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024.	CO_2 equivalent emissions were considered

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GLOBAL WARMING POTENTIAL (GWP)
Business travel by air, train and car (Cat. 6)	Kilometres travelled	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024. Ferrovie dello Stato Italiane, "Rapporto di Sostenibilità", 2021, 2022, 2023	CO_2 equivalent emissions were considered
Employees commuting (Cat. 7)	Kilometres travelled	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024. Ferrovie dello Stato Italiane, "Rapporto di Sostenibilità", 2021, 2022, 2023	CO_2 equivalent emissions were considered
Short-term leased car travel (Cat. 8	Kilometres travelled	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2022, 2023, 2024. Department for Environment, Food and Rural Affairs (DEFRA), Conversion factor – "Table 13" Indirect emissions from the supply chain	CO_2 equivalent emissions were considered
Downstream logistics (Cat. 9)	Kilometres covered by air, truck or ship multiplied by shipped weight (ton)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2023	CO_2 equivalent emissions were considered
Use of sold products (Cat. 11)	Electricity consumed directly by the products sold during their entire lifetime	Terna international comparisons on Enerdata figures, 2020 EEA (European Environment Agency) 2022, 2023	Only CO_2
End of life treatment of sold products (Cat. 12)	Weight of products and packaging sold in the reporting year	EcoInvent v.3.11(2024)	CO_2 equivalent emissions were considered

GRI
DISCLOSURES

The material of the present Sustainability Progress Report references the following GRI Disclosures. If not otherwise specified, the Disclosures applied have been used in full.

GRI CONTENT
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Statement of use	CEME S.p.A. has reported with reference to the GRI Standards for the period 01.01.2024 – 31.12.2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not currently available.

GRI STANDARD	DISCLOSURE	PAGE	NOTES
GENERAL DISCLOSURE			
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 62	
	2-2 Entities included in the organization's sustainability reporting	p. 52	The consolidated perimeter is the same in the financial andnon-financial reporting
	2-3 Reporting period, frequency and contact point	p. 52, 62	The reporting period of the financial disclosure is the same as for the Sustainability Progress Report
	2-4 Restatements of information		Restatements and related reasons for restatements are clearly identifiable within the text
	2-5 External assurance		The report has not been subjected to external assurance
	2-6 Activities, value chain and other business relationships	p. 7, 14	No significant changes to the organization's size, structure, or supply chain were recorded in the reporting period
	2-7 Employees	p. 33	
	2-8 Workers who are not employees	p. 33	
	2-9 Governance structure and composition	p. 20	No committee responsible for decision-making on economic, environmental, and social topics is foreseen to date
	2-13 Delegation of responsibility for managing impacts	p. 14	The Chief Sustainability Officer is appointed by CEO & Top management for impacts approval
	2-14 Role of the highest governance body in sustainability reporting	p. 14	The Chief Sustainability Officer is appointed by CEO & Topmanagement for materiality analysis approval
	2-22 Statement on sustainable development strategy	p. 5	
	2-23 Policy commitments		Reference is made to the Sustainability Policy publicly available on the Group's website. "https://www.cemegroup.com/Content/images/ceme_sustainability_policy_v2.pdf" Further commitments are published at operating companies' level (e.g Code of Ethics)
	2-24 Embedding policy commitments	p. 20, 29	
	2-25 Processes to remediate negative impacts	p. 14	
	2-26 Mechanisms for seeking advice and raising concerns	p. 21	
	2-27 Compliance with laws and regulations		During the reporting period, no cases of non-compliance with laws and regulations have been detected
	2-29 Approach to stakeholder engagement	p. 20	
	2-30 Collective bargaining agreements		100% of employees of Italian plants is covered by collective bargaining agreement

MATERIAL TOPICS	DISCLOSURE	PAGE	NOTES
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 13, 14	
	3-2 List of material topics	p. 14-16	
PROCUREMENT PRACTISES			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 204: Procurement practices (2016)	204-1 Proportion of spending on local suppliers	p. 28	
ANTI-CORRUPTION			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption andactions taken		During the reporting period, no cases of corruption have been detected

MATERIAL TOPICS	DISCLOSURE	PAGE	NOTES
ANTI-COMPETITIVE BEHAVIOUR			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 206: Anti-competitive behaviour (2016)	206-1 Legal actions for anti-competitive		During the reporting period, no legal actions have been received
MATERIALS			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 31, 32	
ENERGY			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 42	
WATER			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 303: Emissions 2018	303-3 Water withdrawal	p. 50	
	303-5 Water consumption	p. 49	
EMISSIONS			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 44	
	305-2 Energy indirect (Scope 2) GHG emissions	p. 44	
	305-3 Other indirect (Scope 3) GHG emissions	p. 44, 45	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p. 47	
WASTE			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 306: Waste 2020	306-1 Waste generation and significant wasterelated impacts	p. 48, 49	
	306-2 Management of significant waste-related impacts	p. 48, 49	
	306-3 Waste generated	p. 48, 49	

MATERIAL TOPICS	DISCLOSURE	PAGE	NOTES
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 307: Environmental compliance (2016)	307-1 Non-compliance with environmental laws and regulations		During the reporting period, no cases of non-compliance have been detected
EMPLOYMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 36	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 38	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 403: Occupational health and safety 2018	403-1 Occupational Health and safety management system	p. 39, 40	
	403-2 Hazard identification, risk assessment, and incident investigation	p. 39, 40	
	403-3 Occupational health services	p. 39, 40	
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 39, 40	
	403-5 Worker training on occupational health and safety	p. 39, 40	
	403-6 Promotion of worker health	p. 39, 40	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 39, 40	
	403-9 Work-related injuries	p. 39, 40	
TRAINING AND EDUCATION			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	p. 37	
DIVERSITY & EQUAL OPPORTUNITY			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 405: Diversity & Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 33-35	

MATERIAL TOPICS	DISCLOSURE	PAGE	NOTES
NON-DISCRIMINATION			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.14	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		During the reporting period, no episodes of discrimination have emerged
CUSTOMER HEALTH AND SAFETY			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.14	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		During the reporting period, no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services have emerged
CUSTOMER PRIVACY			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.14	
GRI 403: Occupational health and safety 2018	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		During the reporting period, no episodes of complaints of customer privacy or loss of customer data have emerged

For further information about this Sustainability Report, please contact:

CEME S.p.A.
Viale dell'Industria, 5
27020 - Trivolzio (PV), Italy
Chief Quality & Sustainability Officer: Simone Calvi
Tel. +39 0382 93011
e-mail: info@cemegroup.com