



SUSTAINABILITY REPORT 2021



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SUSTAINABILITY REPORT 2021

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1. Introduction

There are basic concepts for humans of which common language abuses, indicating lightly them to good intentions that everyone should have. Ethical code is essential because studies principles that allow to assign to human behaviors a deontological and regulatory status namely distinguish them in good and lawful ones respect to behaviors considered unjust, unlawful, improper or bad according to ideal behavior pattern.

What really Ethic is? Its role over the years

Part of the philosophy that studies the ethical conduct of people and its judgement criteria; set of rules of public and private conduct.

Its etymology comes from the Latin *ethica* and from Greek *ethikè* "relating to the behavior".

Encountering this word, to many it comes naturally wonder: «Well, ethic...what an obsolete word, now!».

This is not only a typically modern reaction: any civilization felt – and stigmatized a certain moral decadence than a past more or less idealized.

Actually, the feeling for ethical issues is more alive than ever. Suffice to say about massive presence in public debate of issues as euthanasia, animal rights, political corruption, social inequalities, gender equality, environmental respect and more, some of which even faced them in the past, and today elicit heated discussions as well.

In fact, recently there are soccer players and coaches that considering work ethic essential for their victories. But ethic and moral are the same thing? Yes, etymologically yes: the Latin *moralis* (comes from *mos*, *moris* 'custom, behavior') follows the similar Greek *ethikós*. Even in philosophy, generally, are both equivalent, with some exceptions, such as Hegel that believed moral has a subjective and individual nature, while ethic is objectively expressed, by embodying socially and institutionally. It's very interesting as this difference also comes across in daily use as well: I can talk about my ethic or moral regardless, but I'd never hardly call one individual as "ethical winner" of a race, neither I'd say to have received an 'ethical slap'; and talking about ethical obligation regarding something than usual 'moral obligation', will give the impression of a more social imposition than interior need.

Ethic probably is old as the mankind. However, over time the conduct of rules held to the religious field, taking the form of rulings to place without question. Everything changed with sophists who affirmed the conventional nature of any value or human norm. Rejecting sophistic relativism instead, Plato even united ontology on ethic: the ideas are a vital part of reality, but the highest idea is that of Good that underlies the everything.

Ethic for CMD

Today, transparent, ethical and conform behaviors are essential for the business activities management as described in the Code of Business Ethics that define a code of ethics behavior.

CMD needs a change of point of view, building a set of shared values focused on the individual rather than the production. A company can be defined leaded by values if it can find a convergence among values mentioned by the organization and shared personal values of each member of the organization. The current business challenge is managing change process to a shared values system and ethical behaviors into interpersonal relationships and business. The service culture, customer focus outside company and person focus inside company, will play an increasingly central role for company success.

In a wider dimension that takes into account principles as equality, privacy, protection of the person and environment, honesty, impartiality and transparence – Code of Business Ethics build on shared values, defines quality and competitiveness as a growth catalyst.

Anyway, according to the experts, in order to embark on a change and business growth path, the factors which focus on are 3: ethic, sustainability and innovation.



1.1 Letter to stakeholders



1.1 Letter to stakeholders

Dear stakeholders,

as 2020, also 2021 has been a difficult year for our lives: it will remain forever in the collective imagination due to the Covid-19 emergency which has affected the whole planet and we didn't left behind yet.

CMD SPA in this difficult situation, demonstrating resilience and validity of it's business model, is distinguished for its commitment to ensure a future to it's people and provide a constant support to all community. In this challenging context, CMD SPA, strongly believes that the path to the sustainability passes through the research and innovation, and it cannot be unprepared. Thanks to the investments for our plants, digitalization and training, we were able to maintain a high level of efficiency, safety and quality even working into new configurations imposed by the pandemic. In this difficult moment for our Italy and all the world, we have kept passion, commitment, transparency, talent and competitiveness alive, namely values that have always distinguished us and made us perfect team mates for each of our stakeholders: from customers, to suppliers, to all people and organizations we collaborate with.

All this has been possible thanks to a cohesive team of CMD SPA who daily works by respecting and following business and responsibility values.

Despite current crisis and economic uncertain scenario, we are confident that this crisis could constitute the push for getting our Country to a responsible development.

Mariano Negri
CEO CMD Spa



1.2 Sustainable report decision and reference

VOLUNTARY DECISION OF SUSTAINABILITY REPORT

The current economic context is affected by risks and uncertainties related to climate change and epidemic emergency, and by a digital transformation that penetrates very extensively our customs and a slower demographic development. It is also important, for companies and financial field, considering all different climate factors.

An increasingly aggressive and frequent natural phenomena, a more difficult access to resources, increasing demographic pressure among Countries, democratic balances made insecure due to management of natural areas and many others factors are affecting markets and generally increasing the risk that weigh on companies.

The reasons that have led us to enestablish these assessments are different. First, a greater focus on social and environmental issues.

The Corporate Social Responsibility is the integration of environmental and social topics. Moreover, it's also important the resolution on Agenda 2030 ONU. This last establishes a series of 17 interlinked objectives that it is necessary to pursue by 2030. These include goals in terms of sustainability, environmental safety, defeating poverty and hunger reduction of inequalities, clean energy production and fight against climate change. It's very important the sustainability issue in order to make our planet a safe place to live.

Environmental sustainability aims to meet the current generation needs without compromising those of future generations. In particular it means make decisions and actions for the natural world safeguard with special focus on environment's ability to sustain human life.

Environmental sustainability is a goal to be reached urgently. Human actions like deforestation of forests, air and water pollution, plundering seas and soils are destroying our planet and our future to live in. In particular CO2 emission, deriving from combustion of fossil fuel, is the main cause of environmental pollution and consequently global warming.

It generates more frequently natural phenomena as floods, fires, melting glaciers and spread of disease and the extinction of certain species, the consequences of which are disastrous for the planet.

Although the situation is extremely alarming, people not seem to notice what is happening in the world. Among the main reasons there is a reality distortion often related to unawareness prompting us to develop a wrong impression on reality. Some examples:

- **Distortion of perception:** usually we perceive as main things only all those situations that exclusively concerns us from a special or temporal point of view whereas we tend to ignore the others. This mental process leads us to not prioritize the global warming issues and not acting today so that the future might be better.
- **Distortion of optimism:** usually we believe that catastrophic predictions will not come true because we always hope that a technical invention can solve our problems.
- **Distortion of willingness:** we entrust that the government has to solve this kind of problems, in this way, we are not responsible about this change process to others without playing a leading role.

This problem concerns all people and it needs a concrete, collective and fast effort. This effort can be an important factor for the business field. Overtime, companies have acted not caring about negative effects on environmental conditions and focusing on short-term profit. However, there are companies that are making efforts to review this negative effect by reducing dangerous effects related to their production and use and consumption of resources they are producing. The effort for sustainability occurs in two ways: the first one, thinking as consumers and so reflecting about our buying decisions; the second one, thinking as partners by choosing to work for those companies who join the cause and environmental value, going to evaluate not only economic impact but also the impact of that company on the world.

We cannot ignore the environmental issue anymore: also if it's not true that people inherit the Earth from their ancestors, it's true that people are borrowing it from their children.

In today's society the value created by company not considering only the economic and financial factors: infact this includes the evaluation of company's ability of reducing risks exposure and generating new opportunities for the context in which it emerged.

This concept, joined with the growing attention of the consumer in environmental and social issues field, entails the need to enhance its ESG performance for each organization.

CMD has thought that it's time to make an assessment of its activities, in order to report results and, at the same time, to identify areas to improve for continuing its Mission with commitment and enthusiasm. CMD wants to comply with international standards as explained in the next section.

1.3 Methods and reference

The Sustainable Report 2021 prepared by CMD S.p.A. regards the period from January 1st 2021 to December 31 2021 as range of time and represents the non-financial declaration - NFD - voluntarily produced by company. As there are no previous Reports to be referred, 2021 is defined as baseline to maintain for the next Sustainable Reports, as first year of reporting and is made a relevant corporate acquisition.

The indicators of non-financial performance have been defined on the basis of GRI Sustainability Reporting Standards issued by Global Reporting Initiative - GRI, who establishes reporting method aimed to drawing up the Sustainability Report. This Report it has been issued according to GRI Standards, following Core option, as first Sustainability Report of the company and it has been defined according to the following reporting principles relative to contents and quality of the report:

- Stakeholders inclusion through their identification and involvement;
- Sustainability context, including information about economic, social and environmental performances;
- Materiality and relevance of the main issues, decided on the basis of economic, social and environmental impacts and stakeholders evaluation;
- Completeness and accuracy of information submitted;
- Balance and comparability;
- Clarity and reliability;
- Timeliness after having defined from Sustainability Report 2021 an annual update of policies.

For the drawing up of this Report has been realized the materiality analysis, for identifying relevant issues of the company, through the involvement of internal and external stakeholders, identified with the CMD SPA Management before.

The organisational units considered location of this reporting that include in CMD SPA are the following:

- Legal and operational office of Caserta, and so headquarter of activities;
- Head office of Atella (PZ);

For information about Sustainability Report of CMD SPA, you can contact the following address: **info@cmdengine.com**



2. C.M.D. Costruzioni Motori Diesel S.p.A.

2.1 CMD History

For over 90 years CMD has been involved in **cutting-edge innovative solutions**

For over 90 years C.M.D. (Costruzioni Motori Diesel) SPA has been involved in design, prototyping and development of engines and solutions for automotive, marine and aeronautical field. The company was founded by Negri's family in 1971 as FNM ("Fratelli Negri Motori"); it became CMD in 1989.

CMD core business is developed through 5 business units: Avio, Marine, Machining, Energy and Research & Development.

Historical stages of CMD SPA

1930



Corrado Negri and Italo Balbo's transoceanic flight

30's: CMD history begins in 30's when Corrado Negri, an eminent member of Italian Air Force, took part in the transoceanic flight of Italo Balbo.

1971

Launching Fratelli Negri Macchine Diesel Sud



The company was founded in 1971 as Fratelli Negri Macchine Diesel Sud (FNM), by Negri's family. Originally, the company business activity was focused on earth-moving machines overhaul and it has increased in the mid 70's into diesel engines installation on used vehicles. However, by the end of the decade, starts the first partnership with FIAT that still today represents a meaningful part of the company's business.

1980

Presentation of Diesel engine supercharged GD 178 AT 1.3

In 1980 the first supercharged GD 178 AT 1.3 diesel engine was presented at the Turin Motor Show, fully designed and developed by FNM. In the following years the engine obtained a considerable success.



1990 **CMD opens plant of Atella 1 in Basilicata**

In 90's CMD SPA opens the plant of Atella 1, expanding its activities through in-board marine diesel engines production and sales and providing advanced precision mechanical

1991 **Establishing of CMD Costruzioni Motori Diesel S.p.A.**

In 1991 CMD Costruzioni Motori Diesel S.p.A. is formally set up including FNM division and its related know-how.

2000 **CMD SPA opens 2 plants: Atella 2 and Morra de Sanctis**

In 2000's CMD expands its production and technology field opening 2 plants in Atella (PZ), Atella 2 in 2004 and Morra de Sanctis in 2005 and implementing JTD marine engines ever more competitive. The business diversification process through the design of two aeronautical engines for general aviation and ultra-light aircrafts and the development of small size CHP systems powered by wooden biomass, has allowed to CMD SPA to enter into different international markets, attracting the interest of important players in the engines field.

2017 **CMD SPA and loncin motor co ltd become business partners**

In January 2017 Loncin Motor Co Ltd, a Chinese multinational company listed on the Shanghai Stock Exchange, specialized in Research, development, production and distribution of motorcycles, general products and power machineries, becomes CMD business partner. This operation has allowed to wide CMD SPA opportunities range and to search new cutting-edge technical solutions.

2.2 CMD SPA today

CMD SPA TODAY - A Sustainable Company

CONSTANTLY EVOLVING

Today we are involved into cutting-edge innovation, design, development and production of internal combustion engines and related technological application. And more. We are applying our skills into new electric and heat production solutions research, into mechanical components and new products and solutions development. Over the years our team has grown and in parallel has increased expertise and areas of interest.

WHAT WE BELIEVE

"We innovate to improve the world we live in: it is the most important source we have and we'll leave it for generations to come."

HEADQUARTERS

Headquarters and administrative office are located in San Nicola La Strada (CE)

PRODUCTION PLANT

Italian Production Plants are located in Atella (PZ) Z.I. Valle di Vitalba



CMD AVIO

This Business Unit represents the most recently developed activity of the company. AVIO projects are strictly related to the design and production of three aeronautical engines: CMD22, GF56 and CMD18.

For many years CMD has also been involved in aeronautical hybrid-electric engines development, according to the SIMPA project program (Sistemi Innovativi per I Motori a Pistoni Aeronautici).

One of the SIMPA's goals, infact, has been the design and production of a hybrid-electric system deriving from a CMD piston engine. The project focuses its attention on a mild-hybrid configuration that includes an electric system (engine/generator) on the endothermic engine cam shaft. The project will end in 2022 with demonstration in the test bench.

A second project in the aeronautical propulsion electrification field is the DIPROVEL project (Dimostratore Tecnologico di un Sistema di Propulsione Ibrida Aeronautico per applicazioni su Velivoli Leggeri). The goal of this project is to realize a hybrid configuration using a CMD aeronautical engine as baseline.



CMD MACHINING

CMD is specialized in high engineering development process as prototyping, production and assembly of precision components in automotive field. It is a leader company in components production for engines and driveline: engine blocks, cylinder heads, gearboxes, inlet manifolds, oil sump are only a part of wide products range which CMD provides. CMD has over than 50 different size CNC machines which allow cutting-edge advanced mechanical components production; the company is able to provide small, medium and big series.

The typical product manufacturing operations are obtained by the latest technology of milling, turning, testing, washing and control. Among our main customers: FCA, Magneti Marelli, Voith, VM motori, Vetus, MV Agusta, CNH Industrial.



CHP SYSTEM EFFICIENT ENERGY USE

Electric and thermal energy are usually produced separately. For producing electric energy infact thermal power plants are often used: they release thermal energy at low temperature in the environment.

For producing only thermal energy are used boilers that convert the primary energy (fuel), with high thermodynamics value into thermal energy of reduced thermodynamics value. CMD SPA has **realized a CHP system, for producing electric energy and thermal energy**. It's intuitive how this system can produce **an energy saving determined from lower consumption of fuel**.

OIL RECOVERING

CMD SPA uses for its processes an oil separator, namely under-vacuum evaporators needed for the purification of polluting residues of water from industrial waste. Infact it's an equipment aimed to hold very polluted waste water. It causes evaporation and the next recondensation of water contained, from mixture of organically chemical and the achievement of condensed liquid with high cleanliness and concentrating solution containing polluting elements. This involves oil recovering with drastic reduce consumption of emulsified water.



CMD MARINE - FNM MARINE ENGINE / HYBRID SYSTEM

CMD SPA is involved in marine engines design and production. A wide range of In/Outboard/Jet/hybrid system are distributed worldwide under FNM Marine Diesel Engines brand. High quality materials and cutting-edge technologies ensure low fuel consumption thanks to certified ECUs and a high powerful/weight ratio with ultracompact dimensions compared to other engines.

FNM GREEN FUTURE VISION

FNM has always focused its attention on environmental issues. The future has always been designed according to fuel economy and optimization of performances. It has been the first manufacturer to believe in the downsizing and to convert an automotive engine into a marine one at the end of 80's.

FNM engineers' team, in fact, dedicates more than 30% of its activities finding valid solutions for the emissions reduction and they have already developed systems which allow to further reduce gas emissions produced, aligning with the most restrictive values provided for automotive field. In 2011 we have been first company to present and produce a marine hybrid engine fully designed and developed in its R&S department: FNM HYBRID SYSTEM.

For over a year the HPE series complies with European and American emissions standards issued in 2017. The range MY2017 is enriched by "Green four-leaf clover" versions which focus on the respect of the environment not only for low emissions but also for using 100% recyclable components and materials.



CMD ENERGY - ECO20x

The ECO line (ECO20x, ECOburner) uses the pyrogassification process according to Circular Economy, sustainability and environmental safeguard requirements. ECO20x is a microCHP system transforming wooden syngas through a thermo-chemical process developed at high temperatures and in absence of oxygen. The high technological and cutting-edge equipment, produces electric and thermal energy at the same time. The energy box, with its innovative design, can include both hopper and equipment in one space, making it more efficient and compact. Thanks to ECO20x CHP system our commitment for the environment are embodied into a system able to produce green energy for everyone, now and in the future. With this technology, we allow to people, companies and communities to exploit its potential without concerning to cause a negative environmental impact or to reduce next generations opportunities.

CMD ECU – ELECTRONIC CONTROL UNIT

CMD provides solutions for electronic control of internal combustion engines (diesel and gasoline). An engineers team with over 15 years experience has developed ECU models (Electronic Control Unit) used for both diesel and gasoline engines. The strong partnership with leader companies in semiconductor devices production as Infineon, STMicroelectronics etc. allows to show on the market innovative and competitive solutions.

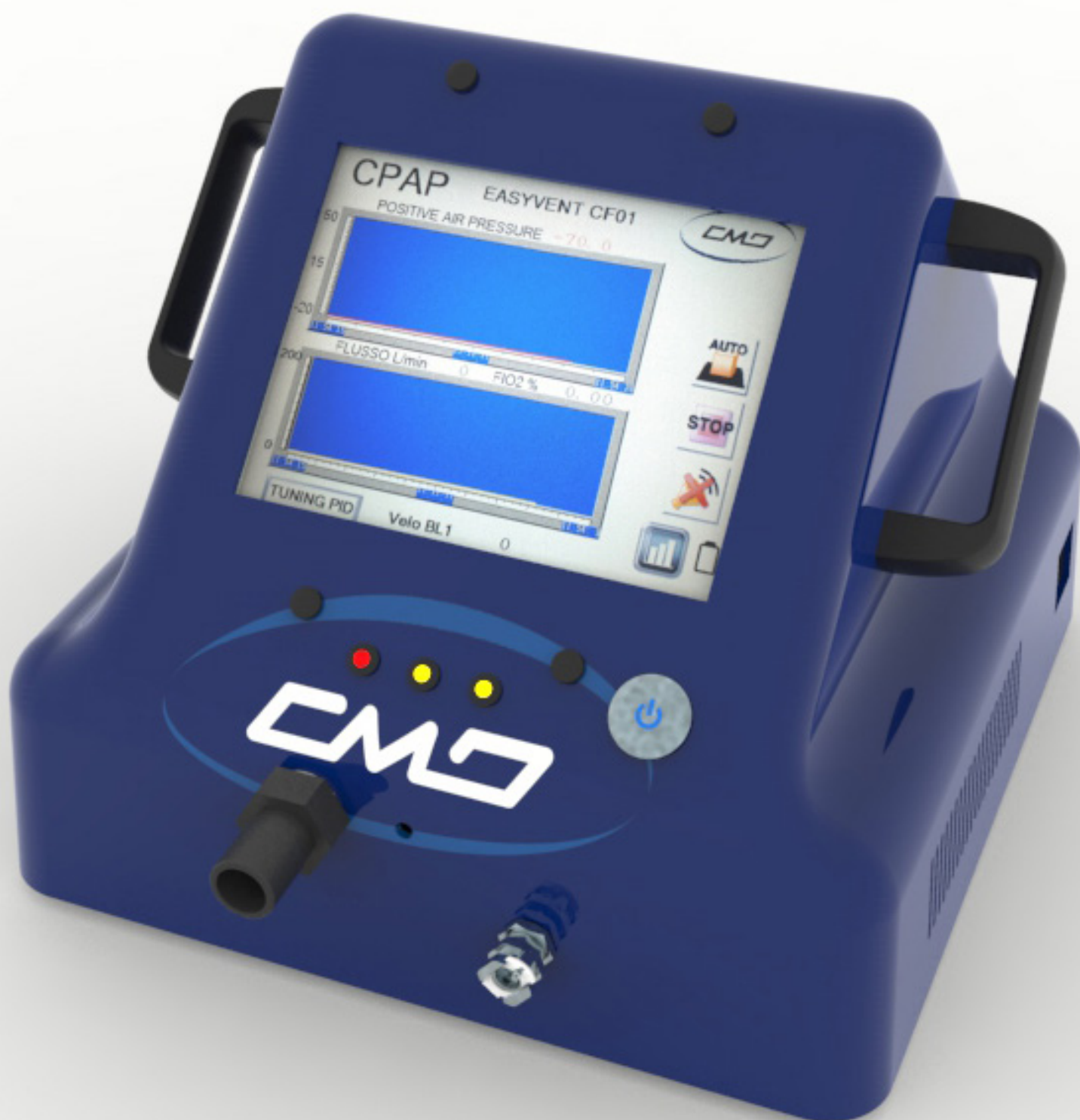
CPAP EASY VENT CF01

CPAP EASY VENT CF01 has been designed by our engineers team in order to facing epidemic emergency due to SARS COV-2.

CPAP EASY VENT CF01 is a medical device for supporting ventilation through air supply (or air/oxygen mixture in a variable percentage from 21% to 60% set by healthcare professional) to finely graded pressures, into non-invasive mode. Namely, CPAP EASY VENT CF01 allows ventilation of the patient by using CPAP – NIV (Continuous Positive Airways Pressure – Non Invasive Ventilation) mode. EASY VENT CF01, thanks to CPAP – NIV technical, sustains each patient's breath, reducing the trouble breathing. The air and oxygen mixture can be supplied with helmet or face mask. This causes the respiratory work reduction and the improvement of general condition of the patient. The treatment with CPAP EASY VENT CF01 would also allows the morbidity patients with Adult Respiratory Distress Syndrome (ARDS) SARS COV-2. It's also able to treat other forms of primary and secondary respiratory insufficiency where CPAP is indicated. CPAP EASY VENT CF01 provides a generation system of flow support through the operation of an electrically blower, capable to ensure the rapid ventilation settings management.

Intuitive graphic interface

The system is features with graphic interface with user through a 7.5 inch touch screen (screen resolution 640x480 pixel VGA) made of scratches and medical commonly used substances resistant material. CPAP EASY VENT CF01 provides advanced features for operating procedures management allowing the most suitable setting from health worker. The user-interface sees CPAP EASY VENT CF01 settings and measure data, and other functions, enabling to medical staff an instant feedback about patient conditions.





CERTIFICATION OBTAINED BY CMD

CMD SPA has always been committed to maintaining high standards in products and processes through application and preserving of Management and Organizational Systems in compliance with specific norms of reference, internationally valid, obtaining in this way the corresponding Company Certifications.

Adopting a Management and Organizational Systems means defining achievable goals at first, so orienting the company towards achievement of them, defining criteria and working methods, namely applying procedures, working regulations and management software compatible with company purpose that has decided to pursue.

CMD CERTIFICATIONS

CERTIFICATION FIELD	CERTIFICATION AND REFERENCE NORM
QUALITY	ISO 9001:2015
ENVIROMENT	ISO 14001:2015
AUTOMOTIVE	IATF 16949:2016
AVIO COMPONENTS DESIGN AND PRODUCTION	AS9100



ELITE PROGRAM

In 2012 CMD, in cooperation with Borsa Italiana, began ELITE PROGRAM path ended in 2014 with the Certification emission. CMD, has become the only Basilicata company to receive this prestigious award. ELITE Certificate is the result of a two years path which CMD was involved into a special process of cultural and organization change and involved into depth analysis of its own industrial, financial and organizational skills.



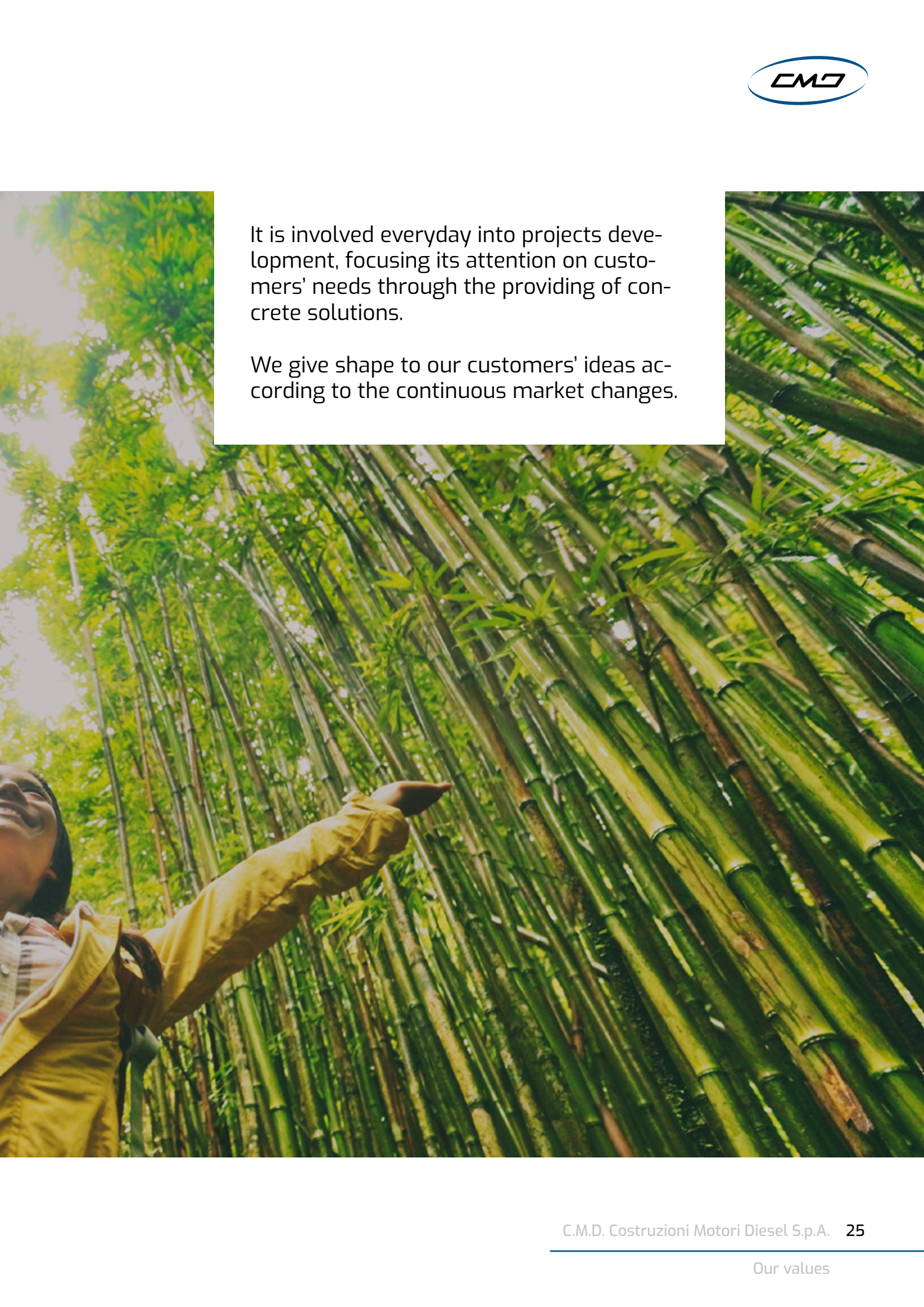
WORLD CLASS MANUFACTURING

During 2014, in cooperation with FIAT (now STELLANTIS) was launched, in our plants, the World Class Manufacturing system, a structured and integrated production system that embraces all processes of the plant, from safety to the environment, from maintenance to logistics and quality, through elimination of workplace injuries by improving and implementing safety standards.

2.3 Our values

WE LOOK BEYOND

CMD SPA BELIEVES IN CONSTRUCTIVE EXCHANGE OF VIEWS, IN THE SHARING AND IN THE PROMOTING OF PEOPLE GROWTH, RESPECTING THEIR FEATURES. OUR COMPANY GRANTS NEW IDEAS, SERCHING THEM WITH PERSEVERANCE.

The background of the page is a lush green bamboo forest. In the bottom left corner, a person wearing a yellow raincoat is visible, looking up and pointing towards the bamboo stalks. The bamboo stalks are tall and slender, creating a dense, vertical pattern that fills most of the frame.

It is involved everyday into projects development, focusing its attention on customers' needs through the providing of concrete solutions.

We give shape to our customers' ideas according to the continuous market changes.



Our values

EXPERTISE

We ensure appropriate responses to anyone needs. We have full knowledge of our products, for always being able to meet and surprise our customers.

INTEGRITY

We always act with fairness and integrity in compliance with the rules, environment and people. We honestly and consistently work to respect its commitments to the company and customers.

PASSION

We always work with enthusiasm and energy. Our work is well done every-day thanks to our commitment.

DEVELOPMENT

We promote people growth in compliance with its attitudes within a safe and satisfying working place. We believe in the importance of well-being in a company, feeling part of a team.

INNOVATION

We optimize processes for improving products or making any positive change that can produce well-being inside and outside of the company. Innovation always passes through tradition: expertise and 90 years of history teaching are the basis on which planning the future.

TEAMWORK

We believe in exchange of views, in the sharing and transparency, important elements for increasing success and for achieving ambitious results. A welcoming company is synonymous with a company promoting collaboration.



3. Sustainability for CMD SPA



3.1 Our stakeholders

(list, choosing methods and involvement)

For CMD SPA is important to pursuit of its business goals considering its expectations stakeholders, identified as subjects able to affect Company activities and/or maybe affected by them. Stakeholders involvement meet the requirements of:

- **Materiality:** to identify priority stakeholders and to know anyone expectations
- **Completeness:** ability to precisely and punctually understand stakeholders expectations than concrete issues
- **Compliance:** concretely meeting expectations and concerns expressed by stakeholders

In this regard, the following shows the mapping of main stakeholders categories:

Stakeholder	Objectives, instruments and communication channels
EMPLOYERS	<ul style="list-style-type: none"> • Training courses • Performance evaluation • Internal communication <ul style="list-style-type: none"> • Regular meetings • Meetings • Business initiatives
CUSTOMERS	<ul style="list-style-type: none"> • After sales support • Press releases • Web site
TRADE/EMPLOYERS UNIONS	<ul style="list-style-type: none"> • Regular meetings and union meetings • Participation in joint commissions
SUPPLIERS	<ul style="list-style-type: none"> • Qualification process and suppliers evaluation • Press releases • Web site
GROUP, SHAREHOLDERS AND INVESTORS	<ul style="list-style-type: none"> • Regular meetings and union meetings • Shareholders meeting • Investor Relations Activity
PUBLIC AUTHORITIES, INSTITUTIONS AND REGULATORY BODIES	<ul style="list-style-type: none"> • Meeting with Local Institutions and Public Administration • Audits • Press releases
RESEARCH AND DEVELOPMENT PARTNERS	<ul style="list-style-type: none"> • Collaborations and partnerships • Event and initiatives
LOCAL COMMUNITY	<ul style="list-style-type: none"> • Event and initiatives • Press releases • Web site

This approach allows to the Company to identify all stakeholders considered as priorities and to establish a strong and long relationship with them thanks to appropriate involvement activities that represent valuable moments of listening and dialogue for CMD by which gathering their needs and priorities.

3.2 Materiality analysis

Materiality analysis is the main process underlying the Sustainability Report and its purpose is to identify and prioritize the material issues for CMD SPA. They represent all relevant issues to be object of reporting, because:

- reflect significant economic, environmental and social impacts of the Company, as well as policies and/or initiatives that Company introduced to reduced them (internal relevance);
- significantly affect decisions and evaluations of its stakeholders (external relevance).

In particular, materiality analysis has been realized through two main stages:

- identification of topics, aimed to identify potentially relevant sustainability issues;
- issues prioritize, with evaluation of their internal and external relevance.

All potentially relevant issues to be submitted to an analysis have been established starting from the issues identified by CMD SPA, namely challenges that it has set for its growth and sustainable development, respecting people and environment, on the basis of following analysis:

- benchmark analysis: main issues analysis in sustainability field included in competitors and customer public reporting;
- analysis trends of worldwide sustainability: mapping of main sustainability aspects considered by main stock exchanges that have issued guidelines for sustainability report, from sustainability rating, international institutions and government;
- pressure of sector analysis: mapping of sustainability aspects identified as important.

Concerning internal relevance, filling of forms to main company figures have been required in order to evaluate the importance of each issue, considering the Company impact related to issue and implementation of initiatives or specific actions for those impact management. Moreover, internal relevance of identified sustainability issues considers the Company's will to enhance areas with wider scope for improvement and on which the Company may exercise direct control.

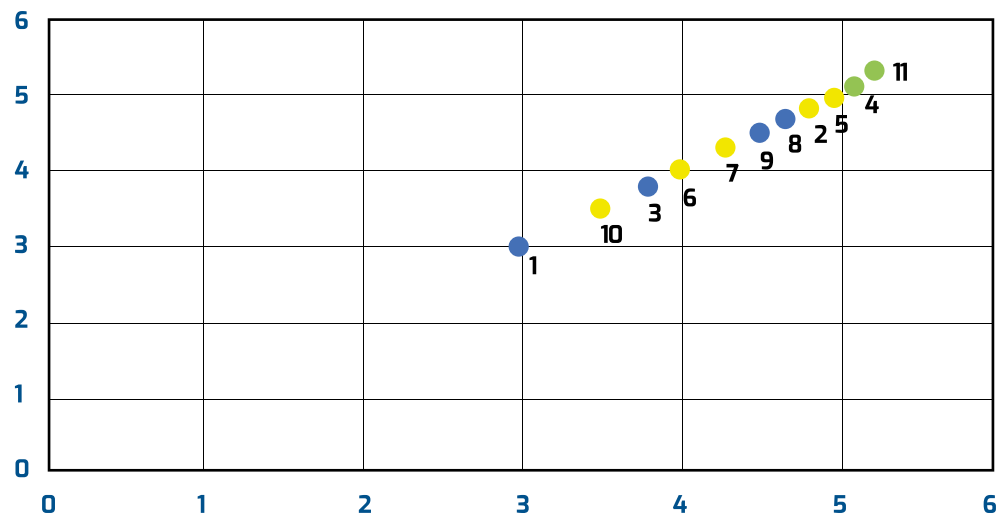
External relevance has been compared to internal relevance thanks to the exchange of information and feedback deriving from the daily strong relationship between company and its stakeholders, as well as sharing of values, vision and mission that characterize all CMD SPA operating.

The joint consideration of internal and external relevance has led to the materiality matrix building and to the identification of related material issues, on which the Sustainability Report 2021's report has been focused.

The analysis led following results:

- the relevant issues both for Stakeholders and Company are "Workplace Health and Safety" "Quality and safety of products and services" "Environmental impacts reduction" "climate change fighting" consistently with production company in which it operates CMD SPA;

MATERIALITY ANALYSIS



PEOPLE

- 2 ethic, integrity into business and compliance
- 5 health and safety on workplace
- 6 training and skills development
- 7 training and skills development
- 10 local communities support

PROFIT

- 1 generated economic value creation and distribution
- 3 esg factors integration in risk assessment
- 8 care of the service and customer satisfaction
- 9 Innovation and technological development

PLANET

- 4 environmental impacts reduction
- 11 climate change fighting

SUSTAINABLE DEVELOPMENT



3.3 Sustainability for CMD SPA (2030 Agenda and SDGs)

In 2015 United Nations have approved the historical document ratified by all UN 193 Member States "**Transforming our world: 2030 Agenda for Sustainable Development**"; through it has been defined a guideline for a development strategy oriented towards sustainability, recognizing the connection between human welfare, natural systems health and common challenges for an intragenerational and intergenerational equity. Within UN resolution, better known as 2030 Agenda, have been defined the 17 Sustainable Development Goals, with relative 169 sub-targets.

The targets are interconnected because the three factors of development (Environmental, Economic and Social) cannot be separately considered but they must be faced with a systemic approach able to ensure an efficient management of complexity.




CMD is aware of influence, even indirect, that its activities can have on economic and social development and on general welfare of community, as well as the importance of social acceptance of communities which operate in. For this reason, the company want to lead its investments in a sustainability way, for environmental point of view, respecting local and national communities, supporting cultural and social initiatives in order to obtain an improvement of its reputation and social acceptance.

According with these principles and making special reference to achieved results from materiality matrix, here below there are Sustainable Development Goals that, in compliance with Ethical Code and by referring to document "Linking the SDGs and the GRI Standards", are considered relevant for CMD SPA.

I Sustainable Development Goals - Relevant SDGs for CMD SPA

CMD is committed to contribute to the achievement relevant SDGs with:

- reinforce supply chain of small and medium size company;
- partnerships in technological field;
- innovation processes;
- continuous improvement of products and solutions for society and environment.

OBJECTIVE SUSTAINABLE DEVELOPMENT	SDGS DESCRIPTION	SDGS APPLICATION BY CMD SPA
 <p>HEALTH AND WELL-BEING</p>	<p>ENSURING HEALTH AND WELLNESS FOR ANYBODY AT ALL AGES</p>	<p>The activities of CMD SPA are managed in accordance with current legislation on the safeguard workplace conditions and the company is committed to ensure an appropriate workplace, both for safety and health of employees, using all those measures important to contribute at community development and wellness, reducing environmental impact of its activities.</p>
 <p>INEQUALITIES REDUCTION</p>	<p>INEQUALITIES REDUCTION IN AND BETWEEN COUNTRIES</p>	<p>CMD is committed to avoid all discrimination based on age, sex, sexuality, state of health, race, nationality, political views and religious beliefs of its interlocutors as well as any behavior aimed at propagating ideas based on superiority or racial or ethnic hatred, namely to instigate to commit discriminatory, national or religious ethical acts. Moreover, concerning resources management, during the recruiting process the company, not commit any direct or indirect discrimination based on trade union, political, religious, racial, language or sex reasons.</p>
 <p>DIGNITY AT WORK AND ECONOMIC GROWTH</p>	<p>PROMOTING A DURABLE, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL PRODUCTION EMPLOYMENT AND A DECENT WORK FOR EVERYONE, ACHIEVING GENDER EQUALITY</p>	<p>CMD SPA ensures working conditions that respect the individual dignity and safety workplace. The relation with its interlocutors at all levels, must be marked by criteria and faithful, honest, collaborative and mutual respect behaviors through a constant and transparent dialogue. Only in this way is possible guaranteeing relationships continuity and cooperation for mutual benefit and sustainable growth from created value.</p>

OBIETTIVO DI SVILUPPO SOSTENIBILE	DESCRIZIONE DELL'SDG	APPLICAZIONE DELL'SDG DA PARTE DI CMD SPA
 CONSUMPTION AND RESPONSIBLE PRODUCTION	ENSURING CONSUMPTION PATTERNS AND SUSTAINABLE PRODUCTION	<p>CMD SPA puts great attention, commitment and dedication into its products manufacturing according to its Policy for quality, safety and sustainability. Company goal is to improve what already exists, to research innovation, to aim for the sustainable growth.</p>
 COMBATING CLIMATE CHANGE	TAKING URGENT ACTIONS TO COMBACT CLIMATE CHANGE AND ITS CONSEQUENCES	<p>CMD SPA is committed to improve environmental impact of its activities and to prevent risks for population and environment not only in compliance with the current regulation but also considering scientific research development and best practices in the field.</p>

Sustainability Goals

In the way of making business, the sustainability of CMD SPA is an enabling factor for its long term strategy full integrated in the Business Plan.

Development guidelines, cross-over business, have been declined in specific operational commitments and goals.

Development Guidelines		Commitments
GROWTH	Providing solutions focused on customer	Reinforcing the customer intimacy
COMPETITIVITY AND INNOVATION	Building strong and reliable supply chain	Reinforcing collaboration with suppliers as long-term partnership
		Sensitizing employees towards ESG issues in the supply chain
		Increasing responsible management of supply chain
	Increasing of collaborative innovation processes	Developing the innovation culture and balancing internal practices
		Promoting collaborative innovation
	Promoting eco-efficiency of processes	Increasing the commitment for combating climate change
		Extending certified environmental management systems
		Improving natural resources management
PEOPLE AND PROCESSES	Being a company able to attract and promote the people talent	Investing on development programs and training
		Identifying and promoting present and future skills
		Helping generational change, ensuring excellence in terms of expertise and competence
		Creating an inclusive workplace
	Promoting a responsible business model	Promoting responsible business practices
		Training consultants and commercial promoters
		Sensitizing employees towards responsible management
		Reinforcing company perception towards investors and ESG rating companies

The Management, consisting of first organizational levels, has a responsibility to determine the goals about sustainability and to define related actions to implement. Business Unit Managers and all business roles help the implementation and the monitoring of specific initiatives.



4. Responsible business management

4.1 Code of Ethics

CMD SPA adopts a Business Ethical Code in compliance with Model of Organization ex D.Lgs 231/2001 that contains and defines all ethical principles and reference values that have to be the basis of activities of all people that work in the company, considering the importance of the roles, work complexity and responsibility entrusted them to pursue Company goals.

The addressees of this Code are members of Board of Directors, CEO and individual managers, employees, commercial and operative partners, consultants and collaborators with different title.

Values underlying the CMD SPA Ethical Code are:

- **health, safety and environment safeguard;**
- **clearness towards all related stakeholders;**
- **moral integrity, personal honesty and correctness in internal and external relations;**
- **social commitment;**
- **Rejection of any behaviour that, even if aimed to pursue a result that is consistent with Company goal, contain non-compliance with legislations and rules of conduct within the company.**

The Ethical Code represents the business reference even in anticorruption subject and it has reported to all commercial partners and employees.

The knowledge and the severe observance of the Ethical Code by all professional figures that operate and/or work in CMD SPA, are primary and essential conditions for company clearness and reputation. All activities that CMD SPA includes are carried out in the full moral and social responsibility awareness that company has towards its members, employees, consultants, commercial partners, PA and generally all figures connected by a cooperation relationship with the company, believing that the achievement of company goals must be in compliance not only with respect of specific company values but also with current legislation and general duties of honesty, integrity, fair competition, correctness and good faith.

4.2 Governance and internal organization

The material topic is wide because includes Corporate Governance and the CMD SPA focus on management performances and risk management through an accurate identification, evaluation and control of potential economical, social and environmental critical issues. The topic also involves the responsibility for ethical business maintenance, for which CMD SPA, thanks to Ethical Code, aspires to higher compliance with integrity, conformity and ethical into company management.

At last, the personnel role is a key factor for CMD SPA that is committed to invest in the growth and training of its employees, in the implementation and development of initiatives for the company welfare and in a workplace guarantee which complies with regulations concerning health and safety for its workers.

CORPORATE GOVERNANCE

CMD SPA **Corporate Governance** system, consisting in all principles and instruments that control the Government of the Company by social authorities in charge, is governed by the following principles:

- **correctness;**
- **transparency;**
- **compliance with laws and with internal and external regulations of Company;**
- **separation of activities.**

CMD SPA **Corporate Governance** adopted system is in compliance with the provisions of laws, mainly directed to:

- **ensuring regularity of management operations;**
- **monitoring risks;**
- **full transparency towards Company Addressees;**
- **meeting the legitimate principles of Business Partners;**
- **avoiding all operation in prejudice of the creditors and other Addressees;**
- **respecting with labor laws and workplace safety laws, enhancing the human resources behaviour.**

The first institution of governance is the **Board of Directors (BoD)** that has delegated to the **Chief Executive Officer (CEO)** the strategic and business operational management.

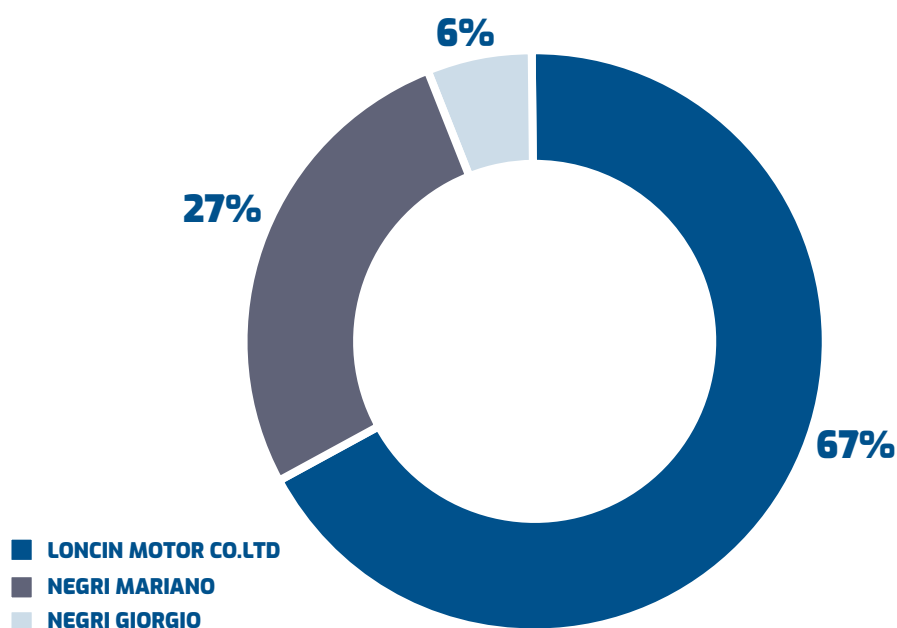
The **Chief Executive Officer** operates through the top management that carry out all business functions. Thanks to Management support CEO chooses and implements business and policies strategies. The Board of Directors is composed by non-executive members and a CEO that carries out all business management.

The Chairman of the Board of Directors has not executive roles and the appointment process of main governing institution is based on representation of shareholders related to its company share. CEO has chosen by shareholders based on its experience. The Board of Directors defines guidelines while CEO and Top Management enforces all that has been defined by BoD.

BOARD OF DIRECTORS MEMBERS

Name	Status
Huang Jingyu	Chairman of the Board of Directors
Mariano Negri	Chief Executive Officer (CEO)
Giorgio Negri	Board Member
Sun Xin	Board Member
Chen Jinwen	Board Member

DISTRIBUTION OF COMPANY SHARES OF CMD SPA

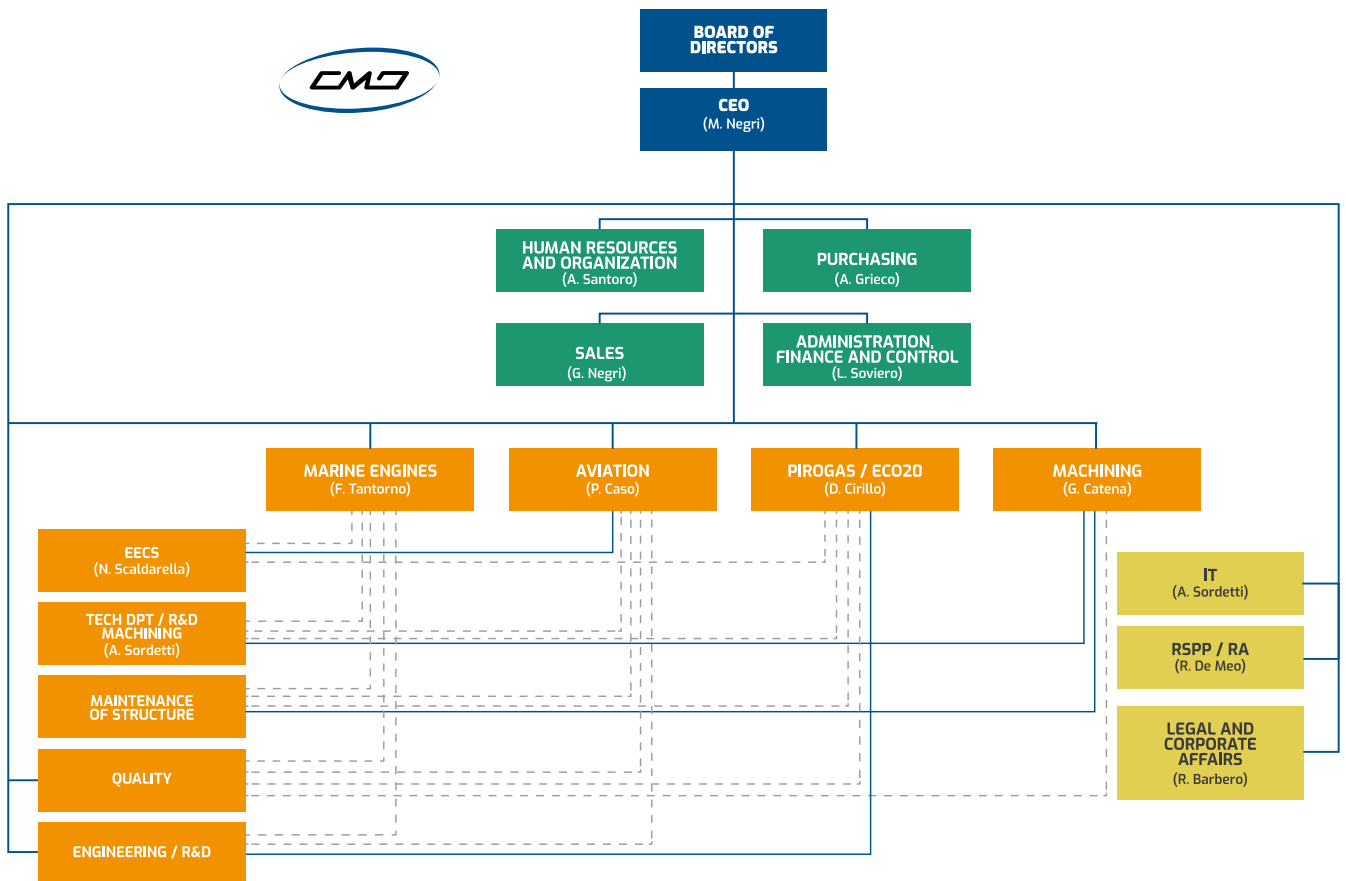


CMD SPA is a joint stock company, participated for **67% by Loncin Motor CO.LTD**, for **27% by Negri Mariano**, for **6% by Negri Giorgio**. The registered capital is € 16.829.887.00 and it is fully paid. Corporate governance bodies of CMD SPA are:

- Shareholders Meeting;
- Board of Directors;
- Board of Auditors.

The functional organizational structure is defined on the basis of operating functions, by which company carries out its activities as stated in the organizational chart.

ORGANIZATIONAL CHART



At the end of executive chain, anyone directly reported to the CEO.

CMD SPA is associated to the following organizations, strictly connected to our territory and company's products:

- **Confindustria Basilicata;**
- **A. N. F. I. A. Associazione Nazionale Filiera Industria Automobilistica;**
- **Assonime Associazione fra le Società italiane per azioni.**

4.3 Legal Compliance (anticorruption, privacy policy)

ANTICORRUPTION STRATEGY

Concerning the anticorruption topic, the main internal reference in regulation field is "Organisational and Management models (Legislative Decree 231)". In compliance with principles of legality, integrity, honesty and correctness reported in the Ethical Code, CMD SPA considers the respect of laws as fundamental principle, aspiring to higher integrity principles set out by professional ethics.

CMD SPA has identified potential risks areas, for violations against PA and corporate violations, and the strategies to anticipate any corruption with specific protocols.

100% of Board of Directors, executive staff, employees and workers have received a communication concerning CMD SPA policies and feasible procedures about anticorruption through publishing on the company portal and posting on a board reference document. Moreover, Company has also provided specific training about anticorruption and policies under Model 231 for executive personnel and employees depending on its role within organization.

Training as policy and anticorruption procedures

	MEN	WOMEN	TOTAL
MANAGERS	0	0	0
EXECUTIVES	8	1	9
EMPLOYEES	14	7	21
WORKERS	0	0	0

PRIVACY POLICY

CMD SPA adopts the most important precautions and safety measures concerning Personal Data Protection field, in compliance with applicable law.

Thanks to specific Privacy Policies use and internal documentation, information privacy, data held by CMD SPA and the regulations respect about personal data protection have ensured. The Company is committed into information protection related to its employees and third parties, generated or acquired into the company and into the business relations, in order to avoid any use of these information. CMD SPA has developed internal protocols for defining measures suitable to guarantee personal data privacy, constantly ensuring compliance with GDPR and Privacy Code (even through regular periodic internal audit), identifying Managers and subjects authorized to Data Processing. CMD SPA has completed compliance activities with the provisions related to EU Regulation of European Parliament and the Council of April 27 2016 n. 679 ("GDPR") related to protection of individuals with the respect of personal data and processing and free movement of those data and repeals directive 95/46/CE and Privacy Code referred to D.Lgs. 196/03 as amended by recent D.Lgs. 101/18. During reporting, data and information concerning customers have not been lost.

4.4 Supply chain

SUSTAINABLE MANAGEMENT OF SUPPLY CHAIN

Supply chain sustainability integrates competitiveness evaluation, analysing and considering the property's realization modalities and of the service support both in social and environmental field, and its global impact during the entire life cycle.

According to this theory and in line with sustainability principles used by CMD SPA a policy that regulates the relationships with suppliers structured in three chapters has been defined:

- **Green Procurement Policy that provides guidelines by which to define environmental standards of products/services provided;**
- **Commitment towards sustainability and Control System;**
- **Business Ethics.**

Green Procurement Policy

CMD SPA is aware of the positive contribution that a sustainable management of supply chain can provide for maintaining the environmental balance, and for this reason is committed to define purchase modalities that include intrinsic features of products and processes'aspects that limit the environmental impact and ensure initiatives aimed to waste reduction, re-use of resources and social aspects defence involved in procurement of goods, services and defined and used works to facing its needs.

Tackling this path, in green procurement field, for several years CMD SPA has used current Minimum Environmental Criteria, considering within its tendering procedures rewarding aspects as well, no mandatory but often crucial to guarantee maximum achievement of set goals.

CMD SPA is committed in its resources training in order that buying decisions are aimed to goods or services with sustainable features, encouraging in this way the development of specific sensitivity to those aspects. This gives value to companies of supply chain that have chosen to certificate them into quality, environment, safety and energy patterns, and reinforces contractual obligations to promote companies that prove to use sustainable criteria which investing in training about its employees safety and with ecological instruments for carrying activities in the belief that supplier reliability is essential for efficient supply chain.

Sustainability Commitment

The intrinsic risk about some activities of the various sectors in which CMD SPA is involved, increased by recourse to outsourcing, has suggested instruments use of supply chain sustainability evaluation, in order to measure and to improve social and environmental sustainability level and the adherence to the principles made by CMD SPA. This evaluation is integrated into various assessments steps of the suppliers. For this purpose a method for Purchase Market classification has been defined, according to potential social and environmental risk related to them and most at risk ones, the selection of suppliers mostly significant as spending.

Through auto assessment survey, a first evaluation of suppliers has involved about 12 suppliers in the years 2020-2021. From March 2022, during Qualification phase company requires to its suppliers that operate in purchasing markets at risk sustainability to fill a form: its evaluation is used to enable registration in the Register of suppliers. The suppliers that do not pass the electoral threshold are not admitted to the Register. On site inspections campaigns to the suppliers identified with method described above and aimed to reducing the "no compliance" in relation to Social responsibility principles required by CMD SPA.

For this reason, a method for production plants inspection has been developed, through on site audits, use of a checklist based on international requirements and standards. The method provides the involved suppliers and sub-suppliers classification into 4 progressive rating ranges, from D (poor) to A (excellent). The detected non-compliance during the audit have been subject of a corrective action plan that defines the actions and time for their arrangement. The inspections areas are 10: child labor, forced labor, safety and health, freedom of association, discriminations, disciplinary practices, working time, payroll, workplace and ethic. During this audit have been detected 9 non-compliance and all have been finished after successful outcome of corrective action plans agreed with the suppliers.

Business Ethics

During the definition of a responsible management system always more structured and wide-spread in its organization, CMD SPA believes that commercial relationship based on transparency and on business ethics can contribute to increase the efficiency of company processes and competitiveness.

In this perspective and in a natural connection with our Ethical Code is evident the need to define minimal ethical behaviors to which suppliers and partners must respect, as a part of contract terms.

Appropriate and simple guidelines have been drafted in order to formalize the expectations about issues of interest (child labor, forced labor, working time, payroll).

The presence of activities and/or suppliers at significant risk for child labour, forced or mandatory, are excluded, or its freedom of association and collective contractual can be considered at risk.

FEATURES OF SUPPLY CHAIN

Operative Plant	Numbers of suppliers	Origin	Distribution % of the origin
ATELLA - CASERTA	63	56 IT	89% ITALY
		3 DE 1 SK	6% EUROPE
		1 CH 1 GB 1 TR	5% EXTRA-UE

Sub-division by Supply category

Supply	Number of suppliers	% of total
Raw materials	36	57%
Services	1	2%
Packaging	17	27%
Transports	9	14%

Conflict Minerals Policy

CMD support the fight against violence, human rights violation, environmental damage in mining and sales of some minerals (cassiterite, columbite-tantalite and wolframite from which derives gold, tin, tantalum and tungsten) coming from African area of the Great Lakes as called "Conflict Region". The region includes Democratic Republic of Congo (DRC) and neighbouring countries. The profit from mining and sales of these minerals finance armed groups and contribute to inhuman treatment, as trafficking in human beings, slavery, forced labour, child labor, tortures and war crimes in the "Conflict Region". The U.S. Securities and Exchange Commissions (SEC) has prepared a norm about requirements detection and publication related to "Conflict Minerals" as indicated in "Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502" of 2010. The regulations require that manufactures have to communicate if their products contain "conflict minerals" that are "necessary to functionality or production" of those products.

CMD is committed to:

- Don't intentionally supply materials and products containing specified metals coming from mines and foundries of "Conflict Region" that are not certified as "Conflict Free".
- ensuring compliance with this requirement, requiring to its suppliers to undertake an appropriate evaluation process with their supply chains aimed to ensure that specified metals coming from only by:
 - or mines or foundries outside of "Conflict Region"
 - or mines or foundries that have been certified by independent third party as "Conflict Free", if they are located inside of the "Conflict Region".

CMD SPA updates every year information about its suppliers regarding the origin of minerals used into gold, tin, tantalum and tungsten production used for the manufacturing of components and products that use in its own production cycle. The goal is to ensure that within the products and processes acquired are used only materials and components "Conflict Free".

If presence of minerals extracted or treated has been noticed within structures NOT considered "Conflict Free" in any material, part or component acquired by CMD SPA, actions to make the product "Conflict Free" will be defined.

**CMD SPA works to protect
environmental balance
in its sustainable
management of supply chain**





5. Care for CMD Employees

5.1 Individuals

Human resources represent fundamental and essential ingredient for CMD SPA and its activities. CMD SPA promotes and ensures respect for the physical, moral and cultural integrity of the person. The company also guarantees working conditions that respect individual dignity and safe workplace, in which the fundamental pillars are trust and respect for the achievement of shared results.

As regards the composition of human resources, to 31 December 2020, CMD SPA has **204 employees**, divided as shown in the Table.

Employment contract type	Men (n.)	Women (n.)	Total (n.)
Permanent contract	134	16	150
Fixed-term contract	0	0	0
TOTAL TO CONTRACT	134	16	150
Full-time	134	13	147
Part-time	0	3	3
TOTAL EMPLOYERS	134	16	150
Managers	0	0	0
Employees	40	12	52
Workers	94	4	98
TOTAL PEOPLE EMPLOYED	134	16	150
Contracts or other contracts type	50	0	50
Trainees	3	1	4
TOTAL STAFF	187	17	204

As regards the composition of human resources, to 30 November 2021, CMD SPA counts 228 employees, divided as shown in the Table.

Employment contract type	Men (n.)	Women (n.)	Total (n.)
Permanent contract	146	16	162
Fixed-term contract	0	0	0
TOTAL TO CONTRACT	146	16	162
Full-time	146	15	161
Part-time	0	1	1
TOTAL EMPLOYERS	146	16	162
Managers	0	0	0
Employees	42	12	54
Workers	104	4	108
TOTAL PEOPLE EMPLOYED	146	16	162
Contracts or other contracts type	59	2	61
Trainees	5	0	5
TOTAL STAFF	209	19	228

In 2021, 100% of employees has got a permanent contract (100% in 2020) and 99,5% work at full time (98,5% in 2020). Company also provides the opportunity of part-time job which affects the 0,44% of employees. The composition for gender reflects the predominance of male labor force, due to job features in engineering field, but the commitment towards diversity has been translated into a constant increase in the female staff employed.

The evolution of turnover and new hiring is reported below (2020).

CATEGORY	GENDER	<30 YEARS	30-50 YEARS	>50 YEARS	TOTAL
New hires	Men Women TOTAL	0	2	0	2
Entry turnover rate	Men Women TOTAL	0	1,33	0	1,33
Outgoing	Men Women TOTAL	0	0	0	0
Outgoing turnover rate	Men Women TOTAL	0	0	0	0

The evolution of turnover and new hiring is reported below (2021)

CATEGORY	GENDER	<30 YEARS	30-50 YEARS	>50 YEARS	TOTAL
New hires	Men	1	11	2	14
	Women				
	TOTAL				
Entry turnover rate	Men	0	0	0	8,64
	Women				
	TOTAL				
Outgoing	Men	0	2	1	3
	Women				
	TOTAL				
Outgoing turnover rate	Men	0	0	0	1,85
	Women				
	TOTAL				

As regards the parental leave for employees, please refer to the following information (2020):

PARAMETERS	MEN	WOMEN	TOTAL
Total number employees that have received the right to parental leave	134	16	150
Total number employees that have used the parental leave	1	0	1
Total number employees that came back to work after the parental leave	1	0	1
Total number employees that are still employees after 12 months from the returning to the office after parental leave	1	0	1

Regarding the parental leave by employers, please refer to the following information (2021):

PARAMETERS	MEN	WOMEN	TOTAL
Total number employees that have received the right to parental leave	146	16	162
Total number employees that have used the parental leave	2	0	2
Total number employees that came back to work after the parental leave	2	0	2
Total number employees that are still employees after 12 months from the returning to the office after parental leave	2	0	2

The company applies the Metalworking Engineering national collective bargaining agreement – Industry for the categories of employees, workers and managerial area.

The total average annual salary for all employees is € 30,000.

The annual salary has been calculated on the theoretical gross value of each employee with the parameters provided for by the Metalworking Engineering national collective bargaining agreement – Industry.

For workers, the hourly wage has been used for 13 months, for 173 hours per month (standard CCNL parameter). For the employees the monthly salary for 13 months has been used.

Among the benefits recognized by the companies for their employees are mentioned:

- **Supplementary health insurance;**
- **Welfare plan;**
- **lunch voucher;**
- **Threshold Bonus;**
- **hourly flexibility in entry / exit of work;**
- **Granting of permits for medical examinations (regardless of the contractual ROL);**
- **Benefits for new parents, such as the granting of renewable part-time to new mothers for a maximum of three years from returning to office and an additional day of leave to fathers for the birth of a child.**

Attracting talent people

In CMD SPA, all the activities related to the research and selection of human resources, in all different articulations, are managed in full compliance with the values of the Company, always guaranteeing equal treatment and opportunities and applying exclusively merit-based criteria in the evaluation of CV, avoiding any kind of discrimination. These principles are the basis of the "Recruitment Policy" that the Company applies during selection of new people and during internal mobility operations starting.

Always in search of the best talents, CMD SPA also participates in the main Career Days, collaborating in particular with the Universities of Naples and Basilicata.

Skills development – Training

Training and continuous updating are two essential pillars that have allowed to CMD SPA to grow over the years. They represent essential values, important to acquire an autonomy of choice and to increase awareness of one's role and abilities. CMD SPA has always given great space to training, in all fields, and gives everyone the opportunity to attend seminars and courses, to participate in exhibitions, conferences and any other opportunity for discussion. For CMD SPA, people are the center of every activity.

The development of a company passes necessarily through the individual growth of the people who make it up and this has always been a fundamental point of CMD SPA. Today, more than ever, in a historically and economically difficult period such as this one we are living, it is necessary to go over: it is not enough to research and create the conditions for development, we must be the first promoters, to disseminate and share the paths undertaken and accomplished results. Development is an important value of CMD SPA and for this reason the growth of people respect of their attitudes becomes fundamental, while at the same time a safe, stimulating and rewarding work environment.

In this direction, in the company there are many and different sharing and training moments. The programs for updating team are compared with the different tasks and according to the different needs expressed by department managers for competence area. On the basis of the courses deemed suitable to satisfy the requests, training needs and the available budget, the company training plan is then elaborated.

The training plan for the year 2020 provided for the provision of a total of 742 hours of training. The SARS-CoV-2 pandemic has resulted in a drastic reduction in the provision of training, in relation to the increase in smart working by employers and the difficulty of converting the actions envisaged into online mode.

Average hours of annually training per employee 2020

WORKER CATEGORY	HOURS MEN	AVERAGE HOURS MEN	HOURS WOMEN	AVERAGE HOURS WOMEN	TOTAL HOURS	AVERAGE TOTAL HOURS
Managers	0	0	0	0	0	0
Employees	158	3,95	94	7,83	252	7,87
Workers	484	5,15	6	1,5	490	5
TOTAL	642	9,1	100	9,33	742	12,87

The 2021 training plan provided for a significant increase in the provision of training for a total of **14,284 hours of training**.

Average hours of annually training per employee 2021

WORKER CATEGORY	HOURS MEN	AVERAGE HOURS MEN	HOURS WOMEN	AVERAGE HOURS WOMEN	TOTAL HOURS	AVERAGE TOTAL HOURS
Managers	0	0	0	0	0	0
Employees	534	12,71	681	56,75	1.215	22,5
Workers	12.394	119,17	675	168,75	13.069	121
TOTAL	12.928	131,88	1.356	225,5	14.284	143,5

In addition, an e-learning training platform has been created that allows fast and easy access to information, overcoming the concept of the classroom but also to respond to the pandemic still in progress, avoiding aggregations and guaranteeing in this way the health and safety of personnel. This platform, now focused on the Cyber Security GDPR development, can become for CMD SPA the basis of growth and dissemination of technological knowledge.

CMD SPA spends lots of time for training in e-learning mode, focused on dissemination and application of the Code of Ethics and the Organization Model, Management and Control ex D. Lgs. 231/01, which also contains elements on the subject of anti-corruption.

Ideas factory

"The flow of ideas", the CMD SPA initiative that gives voice to the ideas of its employees

For years now CMD SPA has been promoting and implementing innovative activities that aim to improve the workplace and consequently the daily life of its employees.

Among the different initiatives, in 2019 it was introduced "THE FLOW OF IDEAS", a beautiful project that allowed all the staff, the most important part of the company, to give voice to their ideas in order to improve the quality of life within the company. All suggestions have been awarded, an important factor that made participation even more engaging.

5.2 Staff Health and Safety

CMD SPA gives great importance to the physical and moral integrity of its employees and collaborators as working conditions that respect individual dignity and safe and healthy work environments; the Company, therefore, ensures the dissemination and consolidation of a culture of safety of workers in the workplace, developing awareness of risks and promoting responsible behaviors on the part of all personnel.

All employees, in their activities' field, participate in this process of risk prevention and protection of health and safety towards themselves, colleagues and third parties. In particular, the Risk Assessment Document is available within the terms and in the modalities provides by current law. The employer and company figures with hierarchical and functional powers must ensure, or arrange for third parties acting on behalf of the Company, to comply with the provisions in force and in general the provisions contained in D.Lgs. n. 81/2008.

The corporate bodies and the Employer must ensure that the Company has an organizational structure such as to ensure a clear subdivision of tasks and obligations regarding health and safety in the workplace, formally defined in accordance with CMD SPA Code of Ethics organizational and functional of the Company and with the regulatory and legal prescriptions, starting from the Employee and the Managers up to the single worker. All addressees of the obligations regarding health and safety in the workplace must comply with the company procedure and general protection measures provided by the company.

In case of entrusting, by the Company, of work contract to third parties, the Employer and Managers promote cooperation and coordination developing a single risk assessment document that indicate the measures adopted to eliminate or reduce the interference risks.

The guiding principles on health and safety for all its Companies

CMD SPA articulates these principles on the "Policy for the environment, health and safety" that, for each site, it specifies the "Mission" of the Company in health and safety field and the guidelines to follow, as well as commitments and goals to be achieved. To pursue these goals, towards continuous improvement.

Since 2014 the Company is involved in WCM system (World Class Manufacturing), a method of 10 Operational Pillars and 10 Managerial Pillars, which aims to integrate management of all production aspects of a company organization, with the aim of waste reduction, non-value-added activities, reduce waste, increase efficiency and reduce or even eliminate ACCIDENTS AT WORK and OCCUPATIONAL DISEASES.

The application of the WCM in safety at work field has its main goals:

- **Reduction/elimination of workplace injuries and occupational diseases**
- **Reduction/elimination of absenteeism**
- **Improvement of work areas and spaces**
- **Improvement of the relationship with employees**
- **Greater company involvement of management and employees**
- **Process of integration and sharing of goals**

To encourage a continuous monitoring of possible workplace dangers, in line with current regulations (specifically with 50 del D.Lgs. 81/08 e s.m.i.), the Workers' Health and Safety Representative (in Italian RLS) carries on periodical inspections to detect and then report the relief to the Head of the Prevention and Protection Service (HPPS).

During the general and specific training, workers are informed that in case of danger or serious situations they can leave the workplace and notify the person in charge of the dangerous situation (State-Regions Agreement of 21/12/2011). The person in charge is aware of the fact that he cannot work if the dangerous situation persists (training for supervisors, State-Regions Agreement of 21/12/2011). The policies for removing employees from the workplace are contained in the Emergency Plan, which provides for the non-return to normal activity in the event of the persistence of dangerous conditions.

For person in charge is available a form to fill in case of accident, near- injury and injury: it allows the analysis of the causes, the proposal of solutions for avoiding the recurrence of the damage and the actions to implement solution proposals. This form is shared with the HPPS and Security Manager. The physician in charge, in his role of responsible in occupational health services, carries out the annual inspection to check the environments and work activities, in order to collaborate with the employer and HPPS in the identification of dangers and in the risk assessment. Furthermore, health surveillance is proposed as a method of acknowledging workers' reports of any dangers present.

Suitability judgments delivery to the employer becomes the moment of communication of any indications of present dangers. The periodic meeting is the moment in which the physician in charge contributes to the minimization of risks. The organization sends all workers that are subject to health surveillance and annually plans the inspection of the physician in charge. Workers can also request supplementary visits in case of a health conditions changes or working conditions, a request that is always granted.

From March 2020 there is also a formal committee composed by management and Trade Unions representatives for the management of anti-infection protocol provided by DPCM of 14/03/2020, 24/04/2020. This committee has the purpose of indicate the adoption of measures to minimize infection in the workplace and verify the application of the measures adopted; committee meets on a weekly time.

To promote the development of a safety culture both in 2020 and 2021, a campaign was conducted aimed a training and informing all workers according to the tasks and equipment used, any critical issues and reports from workers.

Smarter dispensers for a safer workplace

In collaboration with a DPI supplier company, Atella plant has installed different automatic distributors, configured and connected according to a 4.0 Industry logic, in all production departments. Each distributor contains devices necessary for the department (such as gloves, goggles and masks). Workers can pick up materials, in quantity and type, by reading the personal badge. The system allows to manage the consumption and the product flow, thanks to an interface with the supplier that guarantees the re-supplying.

Work injuries – Employees Category 2021

PARAMETER	CMD ATELLA	CMD CASERTA
NUMBER OF RECORDABLE WORK INJURIES	1	0
OF WHICH, NUMBER OF DEATHS FOLLOWING ACCIDENTS AT WORK	0	0
OF WHICH INJURIES AT WORK WITH SERIOUS CONSEQUENCES (EXCLUSION OF DEATHS)	0	0
HOURS WORKED	126.650	67.930
RATE OF RECORDABLE WORK INJURIES	7,90%	0%
RATE OF DEATH DUE TO ACCIDENTS AT WORK	0%	0%
RATE OF SERIOUS INJURIES AT WORK	0%	0%
IDENTIFY MAIN TYPES OF ACCIDENTS AT WORK	Distraction	

The company also notes that there is no evidence of occupational diseases.

COVID-19 EMERGENCY

From 2020, starting year of the pandemic, CMD has adopted all anti-infection measures provided by national and regional current regulations.

The company has adopted specific measures aimed to:

- To prevent risk and infection for workers in order to allow the continuation of activities but in compliance with their safety;
- To act promptly on possible cases of infection.

CMD, for this purpose, has made effective the measures of the shared Protocol for updating the measures to combat and contain the spread of the SARS-CoV-2 / COVID-19 virus in the workplace issued by the government. The 13 points that constitute the protocol have been managed as follows:

1 - Information

L'informazione delle disposizioni emanate dall'azienda è stata garantita attraverso la stesura di diverse Documentazioni (procedura operativa covid, informativa lavoratori dipendenti, informativa fornitori esterni) diffuse tramite email e affisse sulla bacheca di tutte le business units. Ad ogni aggiornamento delle normative di riferimento la CMD provvede ad informare i lavoratori in maniera precisa e puntuale. Tale informazione avviene anche attraverso la cartellonistica diffusa in tutta l'azienda.

2 - Company access modalities

The company through reception staff, regulates access to the company in the modalities provided through:

- Display and validity check of green pass via App Verification C19;
- Temperature control through the use of a thermoscanner placed at the entrance;
- use of mask requirement;
- Social distance at least 1 m;
- Hands sanitification by the use of different dispensers.

3 - External suppliers access modalities

For the access of external suppliers, CMD uses the same access criteria of employees already informed through specific company documentation sent by email.

4 - Cleaning and sanitizing

CMD provides for the cleaning and disinfection of all company environments at the end of each working turn, thus allowing a high standard of workplace hygiene especially in the common working areas. Sanitization is carried out periodically by specialized cleaning personnel.

5 - Personal hygiene measures

The personal hygiene measures adopted by CMD are those defined by the Ministry of Health to prevent infection and limit the risk of spreading the virus. The collaboration and commitment of everyone to observe these rules is essential.

6 - Individual protection devices

Company provides personal devices of protection to its employees (medical masks, FFP2, gloves) and defines correct modalities of disposal of the same.

7 - Management of common working areas

In the management of the common spaces, the risk of infection is mainly due to the aggregations, therefore CMD has adopted a series of preventive measures such as: evaluation of the work environments, staggered entrances, reduced parking time, sanitization, regulation of entrances and exits through the installation of a traffic light.

8 - Business organization

As required by national legislation, where possible, company adopts smart working according to the type of job.

9 - Employee incoming and outgoing management

Employee entry and exit management is regulated by following points 2 and 7 of the protocol.

10 - Travels, meetings, internal events and training

CMD manages the movements of personnel for business trips (national and foreign) following the national directives of reference and adopting specific measures (nasal swabs, quarantines etc.) where required, always considering the state of emergency of the nations involved in the transfer. Meetings and training are managed according to the participants and the epidemiological emergency remotely or in presence, respecting all anti-contagion measures (masks, social distancing 1m, hand sanitation).

11 - Management of a symptomatic person in the company

CMD has adopted guidelines about what to do in case of a symptomatic person in the company.

12 - Health surveillance / doctor in charge / RLS

CMD is constantly in contact with company doctor in charge and RLS for integrating and proposing all regulatory measures related to COVID-19.

13 - Update of the regulatory protocol

CMD has provided for the establishment of a Committee for the application, verification and updating of the reference corporate documentation. This Committee is composed by Management, HPPS, doctor in charge and RLS with the participation of the company trade union representatives. The group communicates through IT tools, is aimed to analyzing the evolution of the epidemiological situation in order to evaluate the measures to be implemented.

The company has been object of verification by the LHA (Local Health Authority) inspection staff and Labor Inspectorate concerning the adoption of the measures described above. The inspection has given positive result, an important factor that indicates how CMD efficiently and effectively knows face an emergency that is still ongoing today.



**6. Innovation, quality and safety
of products services**

6.1 Quality and safety of products

Ever since it was established, CMD SPA has always nurtured an important culture of quality in its plants. For this reason CMD SPA, through a centralized governance model, defines the policies, procedures and guidelines about quality of the products and services that every Nation must adopt.

In this context, CMD SPA articulates these instructions in its activities field. In every plant there is a quality manager that manages the activities of the dedicated teams and ensures that all the provisions defined for the company have been implemented, always considering all features of the places in which it operates and the specific needs of its customers. Managers of quality field are also responsible about the final validation of new products to be placed on the market and the possible discarding of products that are not in compliance with all defined quality standards.

For giving demonstration of the high quality standards achieved, CMD SPA has a certified quality management system ISO 9001:2015 in all plants. As response to requests of automotive industry, Company has adopted a certified management system IATF 16949:2016 for its production plants, a standard developed and managed by International Automotive Task Force (IATF) which provides for specific related requirements to the automotive field, with the aim of creating common processes and procedures in all sector. For the avio field, the company is certified AS9100 relating to the specific requirements required by Authorities and manufactures of the aerospace field. These certifications, through periodic checks by an independent third authority, allow to activate a process of continuous quality improvement in its activities context.

6.2 Innovation for continuous improvement

INNOVATION

For CMD SPA the innovation is a priority that has always been characterizing the company since its establishment, an important process that starts in the offices and takes shape in production. As already mentioned, Company's goal is committed to improve the already available, seek innovation, aim to sustainable growth. CMD SPA production is able to gather inspirations and suggestions, taking the good in every idea, giving shape to everyone of them and capitalizing on the value of the entire team. Every activity has always been performed considering the quality factor, an important element that the company ensures with cutting-edge processes and systems, able to guarantee product safety also thanks to a high level of automation. But in CMD there is no innovation without tradition: the experience gained in over 90 years of history is a solid root on which push for planning the future. An important heritage on which deduce continuous ideas for improving, but also to satisfy and anticipate all requests of tomorrow.

For increasing value, a continuous dialogue between innovation and tradition is necessary, often anticipating the changing.

CMD SPA goal has always been to be competitive on the market, taking advantage of the transformations taking place.

Innovative Projects

INNOVARE

"INNOVARE" project aims to provide an innovative cogeneration system that converts biomass into energy, which can be directly used near the points for wooden waste disposal or production sites. This is an important solution for problems of disposal and agro-industrial residues.

Every year local administrations have to pay for the biomass disposal: thanks to INNOVARE project, biomass can become value for combined production energy, heat and refrigeration for decentralized users, often site of obsolete energy systems, responsible for high emissions of greenhouse gases in the atmosphere.

CMD has a "pilot" project in Laurino city (Salerno, Campania) in collaboration with the Company EPM, Institute for Research on Engines and Consiglio Nazionale Ricerche (CNR).

PROMETEO

PROMETEO project goal is creating an innovative micro-polygeneration unit characterized by high energy efficiency and a low environmental impact, flexible and reliable, which could potentially be powered by residual waste from different sectors.

The system deriving from the project has all features to become a renewal model for the management and reuse of process by-products, at the same time obtaining a reduction in costs associated with disposal. CMD carried out this project at the disposal site of Mugnano (Naples, Campania) in collaboration with EPM company, Consiglio Nazionale Ricerche (CNR) and Parthenope University.

SIMPA

SIMPA project is aimed to develop innovative technologies to expand the CMD engine offer on piston aircraft engines based on CMD22 and GF56 prototypes. The program provides for the development of systems that contribute to varying degrees to increasing the efficiency of propulsion systems based on piston engines in aeronautical and or making them more "smart". In particular, 5 realization goals are envisaged: (find the table on the company profile, please see SIMPA project). In addition to the mentioned activities, CMD has inaugurated following research lines relating to the following development guidelines and failing within the scope of the PON Grandi Progetti del Ministero dello Sviluppo Economico, whose applications have already passed the negotiation phase and are waiting to be definitively approved by means of the related concession decrees, the issue of which took place in February 2018, the total costs of which are approximately € 6.8 million financially supported by public subsidies equal to € 4.2 million.

IMARE

The project consists in development of an hybrid marine propulsion system that allows boats to sail with zero emissions, in protected areas, including those of tourist interest, or dedicated to organic fish farms. The presence of an electric engine and on-board energy storage system allows an impact reduction on the surrounding environment and an increase in propulsion efficiency compared to traditional engines. The project pursues business development goals that can be realized through the proposal of an hybrid thermal-electric propulsion system with the creation of a demonstrator based on a boat up to 10 meters long. The technological solution proposed in this project will be characterized by low costs, reduced consumption and low polluting emissions. The projects can be of various kinds and therefore include development of new products, new references or the variation of recipes to meet the needs of consumers or respond to market suggestions, make the production system more efficient by reducing the consumption of raw materials, modify recipes to optimize production.

Continuous improvement is a backbone for the development and growth of CMD SPA and involves all company sectors. Each product made by CMD, in fact, is in the center of daily activity and commitment of the Company and its staff, which are committed with intensity and curiosity to the search for continuous improvement, always respecting the rules and environment. Keeping up with times is common thread in the CMD SPA history, which today more than ever focuses its attention on highly topical issues such as sustainability, a pillar for the company's future growth and development.

DIPROVEL

DIPROVEL (Dimostratore Tecnologico di un Sistema di Propulsione Ibrida Aeronautico per applicazioni su Velivoli Leggeri) aims to create an hybrid configuration always assuming a CMD aircraft engine as its baseline. The project involves construction on an innovative high-power density electric machine that can deliver a significant torque compared to the heat engine one. The hybrid-electric system will have a total power over 130 KW of which about 40 will be supplied by the electric machine. This configuration, for missions with repeated descent and ascent phases (parachuting, fire extinguishing, flight schools, etc.) allows considerable savings (up to 20%). The goal of the project is testing and validating the electric system in flight on the Cessna twin-engine aircraft.

In particular, it is planned to replace one of the two Continental IO 360-c engines with the new hybrid-electric architecture. The first flight is scheduled for 2024.



7. Environmental sustainability

7.1 Environmental performance

(water resources, energy, atmospheric emissions, waste)

We are on the side of the environment.

We include ecological, economic and social aspects in our development idea.

At the basis of its work, CMD SPA puts the respect for current environmental legislation and, in particular, what is reported in D.lgs. 152/2006.

In full accord with the commitment of pursuing continuous improvement, the environmental performance of CMD SPA have reached levels of excellence in recent years, also thanks to the application of organizational models based on the application of certified management systems as required by UNI EN ISO 14001, the use of best available technologies and continuous use of training and raising awareness of employers and external companies.

Since 2013, a process had been launched with the aim to improving data processing and information necessary for the annual Sustainable Reports. To date, Company continues on this path, collecting continuous improvements.

From an environmental point of view, CMD SPA, in order to to decide to progressively limit the impact on the environment, acts on:

- **Atmospheric emissions**
- **Waste**
- **Energy**
- **Water resources**

All identified environmental impacts are managed through:

- **Clean technologies, namely with a reduced environmental impact compared to those annually used for the same purpose;**
- **Energy saving;**
- **Energy supply from renewable sources;**
- **The recovery of production waste;**
- **Changes to packaging (packaging material) to make it less impactful, for example by reducing the weight of packaging and using reusable ones.**

All this communicating not only externally, highlighting the environmental interventions carried out and the improvements obtained, but also within the company.

In fact, a policy is carried out aimed at raising awareness workers about environmental issues, so that they can become aware of the usefulness that many objects still have in a common perspective of shared eco-sustainable choices.

To this end, the Company:

- Defines plans and operational programs that respect the environment in all the activities it carries out;
- Manages its plants through the effective use of energy, materials and natural resources, pursuing the reduction of environmental impact, waste and where possible, the use of renewable resources;
- Is aware of the fact that preserving the quantity and quality of water is not just an environmental problem but a challenge that embraces the entire economic and social system and, therefore, is committed to responsible management of water resources;
- It sets environmental goals and monitors the progress made;
- Is engaged in educational actions for its collaborators as long as the above principles are pursued;

Finally, to guarantee the above in a structured manner, an Environmental Management System compliant with ISO 14001 has been implemented.

In fact, the verification of the integrated environment and safety management system in accordance with UNI EN ISO 14001 with RINA body is confirmed for 2021 as well

Water resources

The water consumption of CMD SPA is mainly attributable to the heat exchange processes that take place along the production chain. The water is taken 100% from the public network. In 2021, water consumption to Atella plant decreased by 2% while at Caserta plant it remained constant.

WATER CONSUMPTION PER OPERATING UNITS 2020

SOURCE WITHDRAWAL	UNIT OF MEASURE	ATELLA	CASERTA
WATER CONSUMPTION	m ³	7.536	440
TOTAL WATER CONSUMPTION	m³	7.536	440

WATER CONSUMPTION PER OPERATING UNITS 2021

SOURCE WITHDRAWAL	UNIT OF MEASURE	ATELLA	CASERTA
WATER CONSUMPTION	m ³	7.392	440
TOTAL WATER CONSUMPTION	m³	7.392	440

All plants are equipped with a waste water collection system which domestic and industrial waste water to a single outlet pipe. Consistent with the provisions of the AUA Single Environmental Authorization, the company monitors the discharges which. With reference to the various parameters measured, occur continuously or at different intervals.

Atmospheric emissions

CONCENTRATIONS OF ATMOSPHERIC EMISSIONS

The atmospheric emissions of CMD SPA are generated by the emissions chimneys present. They mainly concern Particulate (PM) which translates the set of TSP (Total Suspended Particles) total powders.

There are also Nox, SOx, SOV and COT. All parameters are checked periodically and in the reporting year fall within the limit values established by law.

CATEGORY OF ATMOSPHERIC EMISSIONS	UNIT OF MEASURE	REFERENCE VALUE
NOx	Mg/m ³	29,1
SOx	Mg/m ³	5
Particulate (PM)	Mg/m ³	29,59
SOV	Mg/m ³	19,02
COT	Mg/m ³	8,04

WASTE

The waste produced within CMD plant is classified as urban waste (similar), special hazardous and special non-hazardous waste according to type and origin. The type of disposal to which the waste generated in the plant is destined is chosen in compliance with current legislation and in order to minimize potential environmental impacts.

We continue using electronic waste traceability control system (SISTRI) as required by the Ministry of the Environmental and Land and Sea Protection.

Since 2017, particular attention has been paid to separate collection through a careful selection of paper, plastic, iron, aluminum and wood, equal to 80% of the waste produced by the company.

WASTE PRODUCED BY OPERATING UNITS 2020

TYPE OF REFUSAL	UNIT OF MEASURE	ATELLA	CASERTA
NOT DANGEROUS	t	484,56	28,76
DANGEROUS	t	93,48	0,052
TOTAL WASTE PRODUCED	t	578,04	28,81

WASTE PRODUCED BY OPERATING UNITS 2021

TYPE OF REFUSAL	UNIT OF MEASURE	ATELLA	CASERTA
NOT DANGEROUS	t	922,48	14,77
DANGEROUS	t	163,53	0,55
TOTAL WASTE PRODUCED	t	1.086,01	15,32

As can be seen from the results reported, most of the waste is mostly made up of non-hazardous waste. In particular, in 2021, non-hazardous waste was 85% (84,6% in 2020), while hazardous waste was 15% in 2021 (15,4% in 2020).

HAZARDOUS AND NON-HAZARDOUS WASTE FOR ATELLA-CASERTA DESTINATION

TYPE OF REFUSAL	UNIT OF MEASURE	ATELLA	CASERTA
NOT DANGEROUS	t	513,32	937,25
RECOVERY	t	513,27	937,2
INCINERATION	t	0,05	0,05
DISPOSAL	t	0	0
DANGEROUS	t	93,53	164,08
RECOVERY	t	4,33	5,08
INCINERATION	t	89,2	159
DISPOSAL	t	0	0
TOTAL WASTE	t	606,85	1.101,33

As can be seen from the results reported, most of the waste is intended for recovery and therefore is valorised (85,5% in 2021). The remaining part (14,5% in 2021) has as its intended use of incineration after specific treatment, no waste has as its intended use of the landfill (0% in 2021).

Energy

ENERGY CONSUMPTION

The energy consumption of CMD SPA can be divided into two macro-families: the direct ones with the use of fuels and the "indirect" ones determined by the need for electricity purchased externally. The Atella site is equipped with a cogeneration plant fueled by natural gas and managed by itself which, in 2021, produced approximately 2.06 GJ of electricity. The energy consumed by CMD SPA production plants in 2021 was 18,138,79 GJ.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION 2021

TYPE OF FUEL	UNIT OF MEASURE	ATELLA	CASERTA
NATURAL GAS	GJ	4.369,93	0
ELECTRICITY PURCHASED AND CONSUMED	GJ	17.319,53	819,26
SELF PRODUCED ELECTRICITY	GJ	2,06	0
TOTAL ENERGY CONSUMPTION	GJ	21.691,52	819,26

TYPE OF FUEL	UNIT OF MEASURE	ATELLA - CASERTA
DIESEL FOR VEHICLES	GJ	1.079,10
GAS	GJ	139,91

ENERGY CONSUMPTION DIVIDED BY SOURCE TYPE

TOTAL CONSUMPTION	GJ
FUEL FROM NON-RENEWABLE SOURCES	0
ELECTRICITY PURCHASED	18.138,79
SELF PRODUCED ELECTRICITY FROM RENEWABLE SOURCES	0
TOTAL	18.138,79

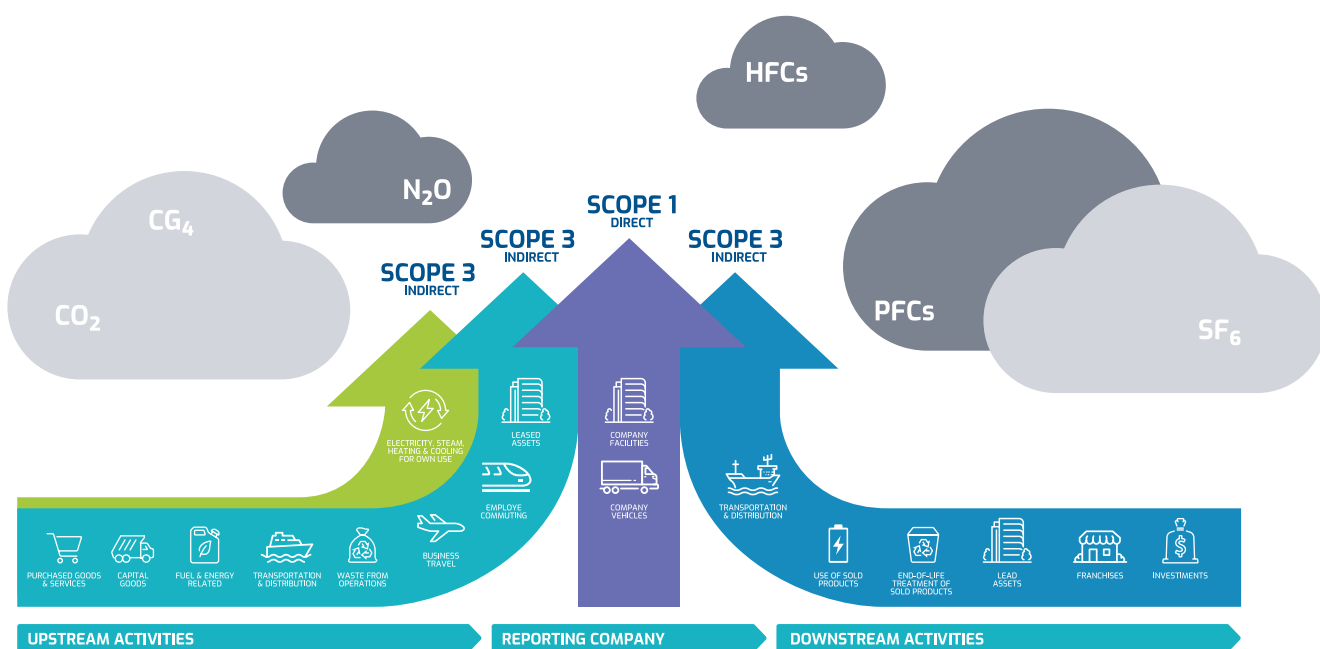
Direct and indirect emissions produced by operating units

GHG EMISSIONS

CMD's GHG emissions (greenhouse gas) mainly derive from the direct consumption of the fuels used in the refrigeration and air conditioning systems (Scope 1 direct emissions) and from the indirect consumption linked to the purchased electricity (Scope 2 indirect emissions).

In order to contribute to the fight against climate change, CMD pursues the goal of reducing its GHG emissions by 2030.

TYPE OF FUEL	UNIT OF MEASURE	ATELLA - CASERTA
NATURAL GAS	teqCO ₂	220,05
DIESEL FOR VEHICLES	teqCO ₂	68,9
GAS FOR VEHICLES	teqCO ₂	7,3
ELECTRIC ENERGY	teqCO ₂	1.159,85
TOTAL DIRECT AND INDIRECT	teqCO₂	1.456,1



The energy consumption of the company determines the generation of different categories of greenhouse gas emissions (GHG):

- **Direct emissions (Scope 1)**, as they are directly generated by the company as a result of its activities;
- **Indirect emissions (Scope 2)**, namely not generated directly by the company, but resulting for example from the consumption of electricity produced by third parties.

TYPE OF EMISSION	TeqCo2
DIRECT EMISSIONS – SCOPE 1	296,25
INDIRECT EMISSIONS – SCOPE 2	1.159,85



8. Commitment to the local community

8.1 The relation with the local community

CMD SPA, with the contribution of its employers, is committed to achieving three goals:

To promote the development of the local economy, to promulgate the values of respect of the corporate culture in the communities in which it operates and to promote initiatives relating to the protection and environmental sustainability, sharing of positive cultural and social values, solidarity, training and involvement of young people.

ENVIRONMENTAL PROTECTION AND SUSTAINABILITY

ECO20x for energy efficiency in schools.

Reliable both in terms of duration and performance, renewable sources now dominate the energy market, obtaining great results.

Schools are also gradually converting to "green", as happened for "Aldo Moro" primary school and annexed kindergarten in Vallo della Lucania (Salerno), in the heart of Cilento park, which has chosen ECO20x for the "supply of electricity and heat its buildings through the energetic enhancement of residual biomass from the maintenance of Cilento park. The use of biomass will replace or reduce the consumption of diesel and natural gas, currently the only source is use for heating the structures.

Children and the Environment: the experience of I.C. of Castellabate.

CMD SPA in collaboration with Iccrea Cooperative Banking Group, on World Environment Day, it promoted a series of events and activities aimed to raising awareness of the protection of our planet, promoting sustainable development, enhancing separate waste collection. The initiative involved the Castellabate Comprehensive Institute.

Children and school structure have dedicated great efforts to the creation of class workshops focused on eco-sustainability and have put into practice some effective actions to support environmental education: the use in the canteen of hard plastic cutlery that is reused after washing, or cleaning the beaches of Cilento coast in collaboration with Legambiente, just to name a few.

The involvement of 870 children belonging to 60 classes of 16 different complexes between kindergartens, primary and middle schools in a project based on the integration and sharing of such an important goals was extraordinary and resulted into an event called "Our School is Differentiated", during which containers for separate waste collection were distributed.

The awareness campaign implemented by I.C. Castellabate is closely linked to the Project "Water yes...but Plastic Free", which saw the signing of a memorandum of understanding between the Campania Region, Consac SPA, Cilento National Park, Vallo di Diano and Alburni and Legambiente Campania to sponsor the correct use of drinking water and the reduction of plastic consumption. Children are our future: teaching them to respect the environment is our main duty.

SOLIDARITY

A CPAP ventilator, from Basilicata to support the Italian health system in the COVID-19 emergency.

In such a difficult time for Italy, committed to coping with the COVID-19 emergency, Italian companies take to the field to support the entire health system, joining forces in the difficult battle.

Solidarity, aid and donations come from all over Italy: among the Lucanian companies, CMD SPA of Atella (PZ), a company that involves into design and construction of engines and complex solutions for automotive, marine and aeronautical field, wanted to give its contribution in the fight against Coronavirus by creating an innovative prototype of a pulmonary ventilator for sub-intensive therapy, the **EASY VENT CF01**.

In less than 21 days, between lockdown and a thousand difficulties, the engineers of Atella's CMD SPA worked tirelessly and only via web with high moral motivation, carrying out scrupulous studies and research and arriving at the realization of the device with only company resources, in time record and "in house".

The **EASY VENT CF01** was presented today at the headquarters of Prefecture of Potenza in the presence of the prefects of Potenza and Matera and Rocco Leone, the Councilor for Health of Basilicata Region.

After obtaining necessary approvals, CMD SPA donated two ventilators, one to San Carlo hospital in Potenza and the other to the Madonna delle Grazie in Matera.

The Production Manager of CMD against COVID-19.

In this global emergency the medical equipment need is growing day by day: a diving mask can save a life if transformed into an oxygen mask.

Mr. Sergio Lo Sardo, Production Manager of CMD and CEO of PL3DART in Basilicata region, has promptly accepted the call of a company from the North Italy and has produced the 3D printing fittings for transforming a snorkel mask into an emergency respiratory mask for sub-intensive therapy.

Mr. Sergio has both printed numerous kits and offered himself as a collection point for all those people had a 3D printer and wanted to participate in the initiative.

Great recognition to Mr. Sergio from CMD that knows it can count on extraordinary people: professionals with a great humanity.

CMD provides to companies in need all the know-how and technical staff for the 3D development and the realization of valves for emergency respirators.

Donation of Atella thermo scanner temperature.

CMD SPA donated thermo scanners necessary for measuring body temperature to the municipality of Atella, schools and the Church.

Distance adoptions and donations.

CMD SPA with responsibility and attention wants to give a first-person answer to a world that runs and forgets the defenseless who pay the consequences of an unfair growth. For this reason, thanks to "Mother Teresa of Calcutta" Foundation in Potenza, company has provided for the distance adoption of 4 children, guaranteeing them good nutrition, adequate health care and the opportunity to attend school.

CMD SPA is committed to supporting Caritas.

CMD SPA supports through different donations, especially during holidays, the most needy of local communities. In particular, the Parish Church of "Santa Maria ad Nives" of Atella.

TRAINING AND INVOLVEMENT OF YOUNG PEOPLE

School-Work Alternating – students visiting CMD SPA.

Also this year, CMD SPA welcomed a large group of students from the "A. Diaz", section of San Nicola La Strada (CE) for the School-Work Alternating project, the theme of which was "Electronics for automation and energy saving".

The students had the opportunity to come into contact with one of the most advanced industrial realities in the south in terms of diesel and gasoline engine design, as well as pyro-gassification systems.

Our engineers, in fact, have explained in a detailed and, at the same time, engaging way, the history of our projects and the steps forward made by team over decades as regards the enhancement of clean energy and various applications of the electronic field.

To a students of Liceo "A. Diaz" a big good luck for their professional future, perhaps at CMD SPA.

Career day: a remarkable opportunity of connection between CMD and young talents.

There are many young people who every year, on the occasion of Career Day organized by Federico II of Naples, hold cognitive interviews with CMD engineers.

Career Day, in fact, allowed students, undergraduates and recent graduates to come into direct contact with several companies as national level, including ours.

Often, it is taken for granted that a young graduate, once they have completed their studies, has the right approach to the world of work and is fully aware of the role to be filling according to their skills; it's not easy to extricate us from this complex system actually. During the interviews, the students, in addition to having had opportunity to present their academic profile, asked many questions to those who, before them, started and consolidate their career, to receive valuable advice.

In this regard, CMD engineers have always given availability, carefully viewing each curriculum and giving the interlocutors a broad vision of CMD and the activities it carries out.



9. ANNEX (index of GRI)

GRI 102 - GENERAL INFORMATION ORGANIZATION PROFILE

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 102-1 COMPANY NAME	Letter to stakeholders	6	-
GRI 102-2 ACTIVITIES, BRANDS, PRODUCTS AND SERVICES	CMD today A responsible business management	15 - 36	-
GRI 102-3 HEADQUARTER LOCATION	Method and reference	-	-
GRI 102-4 PLACE ACTIVITIES	Method and reference	-	-
GRI 102-5 PROPERTY AND LEGAL FORM	A responsible business management	36	-
GRI 102-7 DIMENSION OF ORGANIZATION	Care for CMD employers - Market reference	46 - -	-
GRI 102-8 INFORMATION ON EMPLOYERS AND OTHER WORKERS	Care for CMD employers	46	SDG 5 - 8 - 10
GRI 102-9 SUPPLY CHAIN	Supply chain	42	-
GRI 102-10 SIGNIFICANT CHANGES TO ORGANIZATION AND ITS SUPPLY CHAIN	CMD History - Supply chain	13 - 42	-
GRI 102-11 PRINCIPLE OF PRECAUTION	A responsible business management	36	-
GRI 102-12 OUTSIDE INITIATIVES	Commitment to the local community	69	-
GRI 102-13 MEMBERSHIP TO ASSOCIATIONS	A responsible business management	36	-

STRATEGY

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 102-14 DECLARATION OF A HIGH MANAGER	Letter to stakeholders	6	-

ETHICS AND INTEGRITY

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
	Our values		
	-	24	
GRI 102-16	A responsible business management	-	-
VALUES, PRINCIPLES STANDARDS AND RULES OF CONDUCT	-	36	
	Ethical Code	37	

GOVERNANCE

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 102-18	A responsible business management	36	-
GOVERNANCE STRUCTURE			
GRI 102-23	A responsible business management	36	-
PRESIDENT OF HIGHEST GOVERNMENT BODY			
GRI 102-25	A responsible business management	36	-
CONFLICTS OF INTEREST			
GRI 102-26	A responsible business management	36	-
ROLE OF HIGHEST GOVERNMENT BODY IN ESTABLISHING AIMES, VALUES AND STRATEGIES			

STAKEHOLDERS INVOLVEMENT

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 102-40	Our stakeholders	6	-
LIST OF STAKEHOLDER GROUPS			
GRI 102-41	Care for CMD employers	46	-
PERCENTAGE OF EMPLOYERS COVERED BY AGREEMENTS OF COLLECTIVE BARGAINING			
GRI 102-42	Our stakeholders	6	-
IDENTIFICATION AND SELECION OF STAKEHOLDERS			
GRI 102-43	Our stakeholders	6	-
METHOD OF INVOLVEMENT OF STAKEHOLDERS	-	-	-
	Materiality Analysis	30	
GRI 102-44	Materiality Analysis	30	-
ISSUES AND CRITICALITY RAISED			

REPORTING PRACTICES

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 102-45 SUBJECTS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	-	-	-
GRI 102-46 DEFINITION OF CONTENT REPORT AND PERIMETER OF TOPICS	Method and reference - Materiality Analysis	30	-
GRI 102-47 LIST OF MATERIAL THEMES	Materiality Analysis	30	-
GRI 102-48 REVIEW OF INFORMATION*	-	-	-
GRI 102-49 CHANGES IN THE REPORTING*	-	-	-
GRI 102-50 REPORTING PERIOD	Method and reference	-	-
GRI 102-52 REPORTING PERIODICITY	Method and reference	-	-
GRI 102-53 CONTACTS TO REQUEST INFORMATION ABOUT REPORT	Method and reference	-	-
GRI 102-54 REPORTING DECLARATION IN COMPLIANCE WITH GRI STANDARDS	Method and reference	-	-
GRI 102-55 INDEX OF GRI CONTENT	Index of GRI	72	-

* The present document represents the first edition of sustainability report.

GRI 200, 300, 400 - SPECIFIC STANDARDS
MATERIAL THEME: GOVERNANCE AND INTERNAL ORGANIZATION

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 103-1 EXPLANATION OF MATERIAL TOPIC AND ITS RELATED PERIMETER	A responsible business management	36	-
GRI 103-2 MANAGEMENT METHODS AND ITS COMPONENTS	A responsible business management	36	-
GRI 103-3 EVALUATION OF MANAGEMENT METHODS	A responsible business management	36	-
GRI 401-1 NEW HIRING AND TURNOVER	Care for CMD employers	46	SDG 5 - 8 - 10
GRI 401-3 PARENTAL LEAVE	Care for CMD employers	46	SDG 5 - 8
GRI 403-1 HEALTH AND SAFETY MANAGEMENT SYSTEM AT WORK	Care for CMD employers	46	SDG 8
	Staff health and safety	52	
GRI 403-2 HAZARDS IDENTIFICATION, RISK ASSESSEMENT AND INCIDENT INVESTIGATION	Care for CMD employers	46	SDG 8
	Staff health and safety	52	
GRI 403-3 OCCUPATIONAL MEDICAL SERVICES	Care for CMD employers	46	SDG 8
	Staff health and safety	52	
GRI 403-4 PARTICIPATION AND CONSULTATION OF WORKERS AND COMMUNICATION AS HEALTH AND SAFETY AT WORK	Care for CMD employers	46	SDG 8
	Staff health and safety	52	
GRI 403-5 TRAINING OF WORKERS AS HEALTH AND SAFETY AT WORK	Care for CMD employers	46	SDG 8
	Staff health and safety	52	
GRI 403-6 PROMOTING WORKER HEALTH	Care for CMD employers	46	SDG 3
	Staff health and safety	52	
GRI 403-9 ACCIDENTS AT WORK	Care for CMD employers	46	SDG 3 - 8
	Staff health and safety	52	
GRI 403-10 PROFESSIONAL DISEASES	Care for CMD employers	46	-
	Staff health and safety	52	
GRI 404-1 AVERAGE HOURS OF ANNUAL TRAINING PER EMPLOYER	Care for CMD employers	46	SDG5-8-10
	Staff health and safety	52	

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 404-2 UPDATE PROGRAMS OF SKILLS OF EMPLOYERS AND PROGRAMS OF TRANSITION ASSISTANCE	Care for CMD employers - Staff health and safety	46 - 52	SDG 5 - 8
GRI 405-1 DIVERSITY OF GOVERNMENT BODIES AND AMONG EMPLOYERS	Care for CMD employers	46	-

MATERIAL THEME: LEGAL COMPLIANCE

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 103-1 EXPLANATION OF TOPIC PERIMETER	Legal Compliance	41	-
GRI 103-2 MANAGEMENT METHODS AND ITS COMPONENTS	Legal Compliance	41	-
GRI 103-3 EVALUATION OF MANAGEMENT METHODS	Legal Compliance	41	-
GRI 205-2 COMMUNICATION AND TRAINING AND ANTI-CORRUPTION PROCEDURES	Legal Compliance	41	-
GRI 307-1 NON COMPLIANCE WITH LAWS AS ENVIRONMENTAL	Legal Compliance	41	-
GRI 418-1 PROVEN COMPLAINTS CONCERNING VIOLATION OF CUSTOMER PRIVACY AND LOSS OF CUTOMER DATA	Legal Compliance	41	-
GRI 419-1 NON COMPLIANCE WITH LAWS AND SOCIAL REGULATIONS AND SOCIAL AS ECONOMIC HEALTH AND SAFETY WORKPLACE	Legal Compliance	41	-

MATERIAL THEME: QUALITY OF PRODUCTS

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 103-1 EXPLANATION OF MATERIAL TOPIC AND ITS RELATED PERIMETER	Quality and safety of the products	57	-
GRI 103-2 MANAGEMENT METHODS AND ITS COMPONENTS	Quality and safety of the products	57	-
GRI 103-3 EVALUATION OF MANAGEMENT METHODS	Quality and safety of the products	57	-
GRI 416-1 ASSESSMENTS OF IMPACTS ON HEALTH AND SAFETY BY PRODUCT CATEGORIES AND SERVICES	Quality and safety of the products	57	-

MATERIAL THEME: ENVIRONMENTAL PERFORMANCE

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 103-1 EXPLANATION OF MATERIAL TOPIC AND ITS RELATED PERIMETER	Environmental sustainability - Environmental Performance	61	-
GRI 103-2 MANAGEMENT METHODS AND ITS COMPONENTS	Environmental sustainability - Environmental Performance	61	-
GRI 103-3 EVALUATION OF MANAGEMENT METHODS	Environmental sustainability - Environmental Performance	61	-
GRI 302-1 ENERGY CONSUMPTION WITHIN ORGANIZATION	Environmental sustainability - Environmental Performance - Energy and atmospheric emissions	61	SDG 8 - 10 - 12
GRI 303-3 WATER WITHDRAWAL	Environmental sustainability - Environmental Performance - Water resources	61	-
GRI 303-5 WATER CONSUMPTION	Environmental sustainability - Environmental Performance - Water resources	61	-
GRI 305-1 DIRECT GHG EMISSIONS (SCOPE 1)	Environmental sustainability - Environmental Performance - Energy and atmospheric emissions	61	SDG 3 - 12
GRI 305-2 INDIRECT GHG EMISSIONS FROM ENERGY CONSUMPTION (SCOPE 2)	Environmental sustainability - Environmental Performance - Energy and atmospheric emissions	61	SDG 3 - 12
GRI 305-7 EMISSIONS NITROGEN OXIDES (NOx) SULFUR OXIDES (SOx) AND OTHER	Environmental sustainability - Environmental Performance - Energy and atmospheric emissions	61	-
GRI 306-3 WASTE PRODUCTS	Environmental sustainability - Environmental Performance - Energy and atmospheric emissions	61	SDG 3 - 12

MATERIAL THEME: SUPPLY CHAIN

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 103-1 EXPLANATION OF MATERIAL TOPIC AND ITS RELATED PERIMETER	Supply Chain	42	-
GRI 103-2 MANAGEMENT METHODS AND ITS COMPONENTS	Supply Chain	42	-
GRI 103-3 EVALUATION OF MANAGEMENT METHODS	Supply Chain	42	-
GRI 407-1 ACTIVITIES AND SUPPLIERS WHERE THE RIGHT FREEDOM OF ASSOCIATION AND BARGAINING MAY BE AT RISK	Supply Chain	42	SDG 8
GRI 408-1 ACTIVITIES AND SUPPLIERS AT SIGNIFICANT RISK FOR CHILD LABOR ACCIDENTS	Supply Chain	42	-
GRI 409-1 ACTIVITIES AND SUPPLIERS AT SIGNIFICANT RISK FOR FORCED OR MANDATORY LABOR ACCIDENTS	Supply Chain	42	SDG 8

MATERIAL THEME: THE RELATION WITH THE LOCAL COMMUNITY AND MARKETING STRATEGY

GRI STANDARD	SECTION OF REFERENCE	PAGE	SDG REFERENCE WHERE APPLICABLE
GRI 103-1 SPIEGAZIONE DEL TEMA MATERIALE E DEL RELATIVO PERIMETRO	The relation with the local community	69	-
GRI 102-12 INIZIATIVE VERSO L'ESTERNO	The relation with the local community	69	-



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