

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

1. Purpose and Scope

This Environmental, Social and Governance (ESG) Policy defines the framework and commitments of CFS Europe SpA ("CFS") in integrating sustainability into its business strategy, governance, and operations. The policy applies to all CFS employees, management, directors, and business partners globally.

2. ESG Commitment

At CFS we are committed to integrating Environmental, Social and Governance (ESG) considerations into every facet of our operations. We recognise our responsibility to operate sustainably, reduce our environmental footprint, enhance social wellbeing, and uphold ethical governance. This ESG Policy is aligned with:

- The United Nations Sustainable Development Goals (SDGs)
- The EU Corporate Sustainability Reporting Directive (CSRD)

3. Governance and Oversight

Our ESG efforts are governed and chaired by CFS Europe's Management, who ensure alignment with legal obligations and stakeholder expectations. Together, they form CFS ESG committee, meeting regularly (i.e. annually as part of the Management Review) to track progress, review KPIs, and steer strategic initiatives.

4. Materiality Assessment and Stakeholder Engagement

CFS Europe SpA conducted a structured **Purpose Mapping project** to identify the most material ESG issues from the perspective of both internal and external stakeholders. This initiative ensures our sustainability strategy is responsive, targeted, and fully aligned with the **UN Sustainable Development Goals (SDGs)**.

4.1 Methodology

The process was divided into three phases:

4.1.1 Stakeholder Consultation

CFS's leadership team, supported by our external sustainability partner, conducted a stakeholder consultation. They engaged employees, clients, suppliers, industry associations and external consultants to share their perspective on ESG topics in relation to CFS Europe.

4.1.2 Internal Company Consultation

CFS's leadership team conducted a parallel internal materiality

assessment. They evaluated the relevance of each topic to the business by assigning scores from 0 to 5. For the top three business priorities, they also selected specific focus areas within each category.

4.1.3 Analysis and Materiality Matrix

The results from stakeholders and internal leadership were consolidated into a **double materiality matrix**, identifying the themes that are simultaneously most relevant to stakeholders and to CFS's strategic direction. These were mapped to specific **SDG targets**, creating a clear roadmap for impact and measurement.

4.2 Material Topics and Strategic Priorities

The analysis identified the following **three top material topics**:

4.2.1 Health, Safety & Wellbeing

- Priority for both employees and external partners
- Focus on reducing physical risk, promoting mental health, and ensuring a safe and inclusive workplace
- **Relevant SDG Targets:**
 - SDG 3.4 – Promote mental health and well-being
 - SDG 3.9 – Reduce illnesses from hazardous chemicals and pollution

4.2.2 Prosperous and Inclusive Economic Growth

- Focus on decent work, fair labour rights, and long-term economic value
- Importance placed on sustainable use of resources and responsible business practices
- **Relevant SDG Targets:**
 - SDG 8.1 – Sustain per capita economic growth
 - SDG 8.4 – Improve global resource efficiency in consumption and production
 - SDG 8.8 – Protect labour rights and promote safe working environments

4.2.3 Environmental Protection and Circularity

- Stakeholders emphasized resource efficiency and environmental impact mitigation
- The business prioritized clean technology adoption and responsible waste and chemical management
- **Relevant SDG Targets:**
 - SDG 12.2 – Sustainable management and efficient use of natural resources
 - SDG 12.4 – Environmentally sound management of chemicals and waste
 - SDG 12.5 – Substantial reduction of waste generation
 - SDG 9.4 – Upgrade infrastructure and adopt clean technologies

4.3 Stakeholder-Driven ESG Strategy

This assessment directly informs CFS Europe's ESG policy and performance measurement. Key applications include:

- Prioritizing our **ESG Key Performance Indicators (KPIs)**
- Shaping the **annual ESG report**
- Guiding our **resource allocation and risk analysis**
- Strengthening alignment with the **CSRD directive and SDG reporting frameworks**

By grounding our ESG roadmap in stakeholder input and business strategy, CFS ensures its sustainability efforts are transparent, credible, and impactful.

5. ESG Key Performance Indicators (KPIs)

To measure our progress and ensure accountability, CFS tracks key performance indicators across environmental, social and governance domains.

5.1 Social Performance KPIs

- **Gender Diversity:** Percentage of female and male employees across the company.
- **Gender Pay Gap:** Year-on-year reduction in the average gender pay gap.
- **Employee Turnover Rate:** Annual turnover percentage.
- **Training Hours:** Average training hours per employee, disaggregated by gender.
- **Training Participation:** Percentage of female and male employees who attended non-compulsory training.
- **Hiring Gender Balance:** Number of new hires per year, broken down by gender.
- **Inclusivity Perception:** Percentage of employees who consider the company inclusive, based on annual internal surveys.
- **Discrimination Cases:** Number of cases reported vs. resolved annually.
- **Supplier Social Ratings:** Percentage of suppliers scoring over 60% on the "social performance" section of the ESG supplier questionnaire.
- **Workplace Safety:** Percentage reduction in work-related injuries year on year.

5.2 Governance Performance KPIs

- **Whistleblowing Effectiveness:** Percentage of whistleblowing cases resolved within the reporting year.
- **Code of Ethics Acknowledgment:** Percentage of employees and relevant third parties who have formally acknowledged the Code of Ethics.
- **Ethics Training Completion:** Percentage of employees who have completed mandatory ethics and compliance training annually.
- **Modello 231 Compliance Monitoring:** Number of internal audits and compliance reviews conducted in line with Modello 231.

- **Policy Violations:** Number of confirmed breaches of our code of ethics, including anti-corruption and conflicts of interest.
- **GDPR Compliance:** Number of data privacy incidents reported and resolved annually, and percentage of employees trained on data protection.

5.3 Environmental Performance KPIs

- **GHG Emissions Reduction:** Percentage reduction in Scope 1 and Scope 2 greenhouse gas emissions year on year.
- **Scope 3 Emissions Mapping:** Number of new items included in Scope 3 emission calculations annually.
- **Energy Consumption:** Total energy consumption (MWh) and percentage from renewable sources.
- **Waste Reduction:** Percentage reduction in hazardous and non-hazardous waste generated annually.
- **Environmental Compliance:** Number of environmental non-compliance incidents or violations.
- **Supplier Environmental Ratings:** Percentage of suppliers scoring over 60% on the environmental section of the ESG supplier questionnaire.

6. Monitoring, Review, and Continuous Improvement

- The ESG Committee monitors KPIs, compliance, and emerging risks.
- The policy is reviewed annually and updated to reflect regulatory changes, stakeholder feedback, and best practices.
- We commit to publishing an annual ESG report to measure and communicate our progress towards relevant sustainability targets outlined in this policy.

7. Non-Compliance

Non-compliance with this policy may result in disciplinary action, including termination of contracts, in accordance with CFS's internal procedures, the applicable National Contract (i.e. CCNL Chimico) and applicable law.

8. Conclusion

CFS Europe SpA is committed to embedding Environmental, Social and Governance principles into every aspect of its business operations. This ESG Policy reflects our dedication to sustainable growth, ethical conduct, and accountability to our stakeholders, customers, employees, and the communities in which we operate.

We recognize that continuous improvement, transparency, and proactive engagement with all stakeholders are fundamental to achieving our ESG goals. Through regular monitoring, reporting, and adaptation of our practices, CFS will

strive to meet and exceed the expectations set by international standards, regulatory frameworks, and our own internal commitments.

All employees and partners are expected to understand and uphold the principles set forth in this policy, ensuring that sustainability remains at the core of CFS's strategy and culture.