ESG Readiness

Abstract

SEPTEMBER 2024


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Methodological Note

Objectives, settings and sources

This paper provides a mapping of the organization's current positioning with respect to ESG issues by proposing, then, a preliminary consideration of a strategic nature to achieve lasting and sustainable success in a complex, demanding, and ever-changing environment.

The following normative and methodological references were taken into account in the construction of the questionnaire (SostenibiliTAC) and, consequently, this document, which constitutes its feedback:

- Legislative Decree 254/2016 and related national and EU regulations including in particular the EU draft Corporate Sustainability Reporting Directive(CSRD);
- Non-financial reporting standards: GRI and SASB and the draft indicators so far made public by EFRAG
- Framework quali Integrate Report <IR>, World Economic Forum - Measuring stakeholder capitalism: toward common metrics and consistent reporting of sustainable value creation, Task Force on Climate-related Financial Disclosures (TCFD);
- Publications of the World Business Council For Sustainable Development (WBCSD);
- ISO guidelines and corporate best practices, academic studies.

The combination of these methodological and normative sources, developed by Atlas and merged into the SustainableTAC questionnaire, represents a company's proprietary asset and does not specifically meet the requirements of either regulatory or individual standards or frameworks.

In fact, the proposed methodology represents a reworking, according to a rigorous and scientific approach, aimed at representing in the most schematic and straightforward way the positioning on ESG issues of the Client Company.

The logic scheme is based according to ISO 9001:2015, which is designed on instilling confidence in an organization's products and services, to extrapolate data and information useful for increasing confidence about the organization's ability to achieve lasting success.

Document structure

This paper reports the evidence from the SustainabilityTAC questionnaire for each ESG thematic area, namely environmental, social and corporate governance. To provide an in-depth, cross-cutting reading, the paper proposes an assessment of corporate positioning with respect to both corporate systems and policies and with respect to performance and monitoring tools. Thanks to this dual key, it is possible to obtain an in-depth and rigorous reading of the different ways in which sustainability issues are overseen across corporate life and its area of action and influence.

Figure 2. Structure of analysis of ESG areas.

The document in its full version is, moreover, supplemented and complemented by four important elements that can support the organization in fully understanding its current positioning, any gaps from best practices, and, most importantly, the future challenges it will face in relation to current macro trends and changes-particularly in the ESG sphere-in detail:

- a grid of improvements and activities that can form a potential roadmap in the direction of ensuring lasting, sustainable and shared success for itself and relevant stakeholders;
- a section that indicates the organization's current impact on the Sustainable Development Goals (SDGs) constituting an initial guide to arrive at an initial representation of the organization's areas of commitment according to a common lexicon shared by the market;
- a section that allows for a strategic reading articulated in an in-depth analysis on global, ESG transition-related trajectories of change that directly impact the relevant sector;
- a final section listing some of the subsidized financing opportunities that the company could access to accelerate the path of change.

Guide to reading the document

In order to increase the value and usability of the document, it has been structured both in terms of topics covered and content presented in a manner consistent with the structure of a non-financial report. Although this document cannot be defined as a non-financial report, as it does not refer to a specific reporting standard (GRI, SASB or EFRAG) nor to current regulatory provisions (ref. Legislative Decree 254/2016) the same can be used by the Client Company as a first exercise in reporting non-financial information to its stakeholder audience.

The report, however, remaining a tool for analysis and understanding of the company's current positioning, offers within it sections in which comments, insights or suggestions regarding potential improvement actions are given for each of the areas analyzed (where deemed necessary).

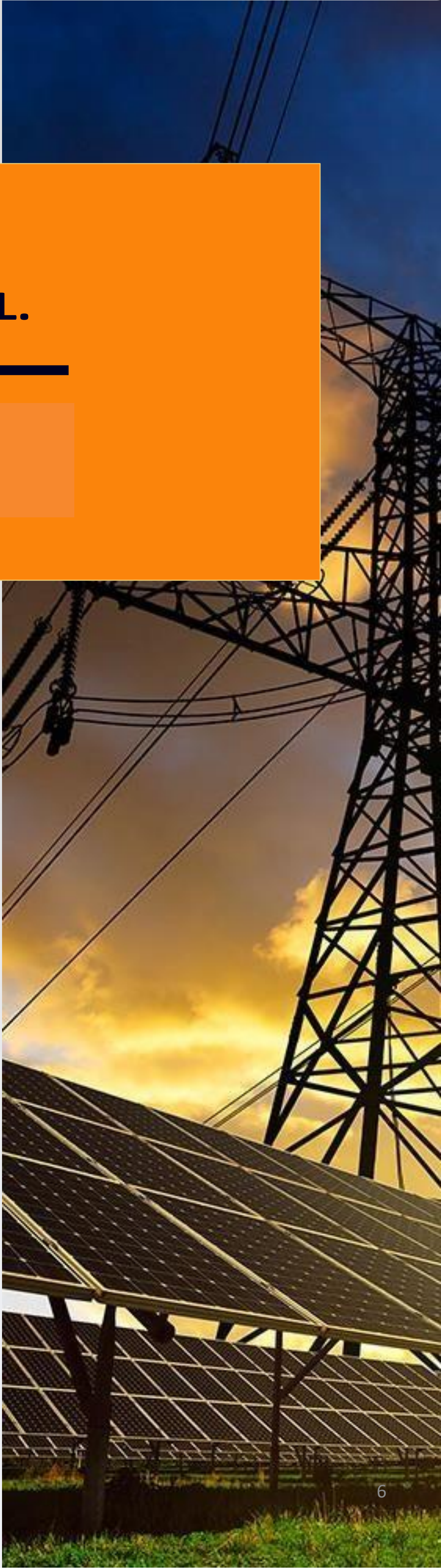
The sections bearing this icon indicate suggestions, directions, and improvement actions that can be taken by the Client Company to improve sustainability performance or maturity of the organization in the area of management systems over time.

The Numbers of
FERRIERE GIUSEPPE CIMA S.R.L.

Turnover 2023**: €9.223.126**

Total area: **8.200 m2**

Employees + collaborators: **36**



CERTIFICATIONS


IQNET

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Certificate

CISQ/IGQ

has issued an IQNET recognized certificate that the organization:

Ferriere Giuseppe Cima Srl

Via Belfiore, 17

23900 Lecco LC - IT

has implemented and maintains a **Quality Management System**

for the following scope:

Production of carbon steel wires and ropes and aluminium clad steel wire ropes (under Berndorf license) - Sale of steel cables and accessories - Galvanizing and stranding

which fulfils the requirements of the following standard:

ISO 9001:2015

Issued on: **2022-05-31**

First issued on: **1995-04-20**

Expires on: **2025-05-31**

Registration Number:

IT - 0131 IGQ 9507

Alex Stoichitoiu
President of IQNET

Mario Romersi
President of CISQ

CISQ

This attestation is directly linked to the IQNET Member's original certificate and shall not be used as a stand-alone document.

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IGQ

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CERTIFICATO
CERTIFICATE

IGQ 9507

Si certifica che il sistema di gestione qualità di:
We hereby certify that the quality management system operated by:

Ferriere Giuseppe Cima Srl

Via Belfiore, 17
23900 Lecco LC - IT

è conforme alla norma:
is in compliance with the standard:

UNI EN ISO 9001:2015

per le seguenti attività:
for the following activities:

IAF: 17 - 29

Produzione di fili e funi in acciaio al carbonio e di funi in acciaio rivestito di alluminio (su licenza Berndorf) - Commercializzazione di cavi d'acciaio e accessori - Zincatura e Cordatura

Production of carbon steel wires and ropes and aluminium clad steel wire ropes (under Berndorf license) - Sale of steel cables and accessories - Galvanizing and stranding

prima emissione: *first issued on:*	**1995-04-20**
emissione corrente: *last issued on:*	**2022-05-31**
data di scadenza: *valid until:*	**2025-05-31**

Data ultima revisione: / Last revision date: **2022-05-31**

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Letter to Stakeholders

Dear Stakeholders,

Ferriere Giuseppe Cima, a company that has belonged to the same family since 1790, was born in a historical period that saw the advent of a modern Europe in terms of economic and industrial development. From the very beginning, the Cima family has been able to carry on a "craft" with insight, skill and determination, overcoming and adapting over the past two hundred and thirty years to the historical events that have involved this country, thanks to entrepreneurial strategies it has been able to adopt to overcome and adapt to the changes taking place.

Ferriere Giuseppe Cima specializes in the production of high-carbon steel wires and ropes coated with zinc or zinc-aluminum, destined for the energy, communications, railways, retaining barriers, agriculture, adventure parks, via ferrata and lifelines sectors. Its product range has exports to foreign markets exceeding 60 percent of its output, positioning it as a leading company in its relevant sectors.

For a few decades now, globally, especially in Europe, there has been increasing attention to the impact that human activities have on the environment and the social context. Issues to which Cima Ironworks has always shown itself to be sensitive.

In this respect, the company is applying energy- and water-saving policies through a modernization of plants, production machinery and information systems. Added to this is the search for recycled raw materials of the highest quality that can guarantee high standards of sustainability. The wood packaging used comes from certified forests.

Precisely because we are aware that one of the most important challenges we will face in the near future will be that of sustainability and the preservation of the planet, it is our definite responsibility, both personal and corporate, to continue on the path we have taken. It will also be our commitment to flank and supplement the corporate financial statements with a sustainability report.

Ferriere Giuseppe Cima is looking to the future, strong in its centuries-old tradition of carrying on a "craft," focusing on quality, innovation and sustainability, the fundamental pillars of its continued success.

Executive

Assessment of the reference context

Current regulatory impact and soon to be adopted	Does not fall under the scope of CSRD and will not therefore, be required to prepare a Sustainability report from FY 2025 onwards
Current gap vs. best	Medium
Impact transformations for the sector in the M-L	High

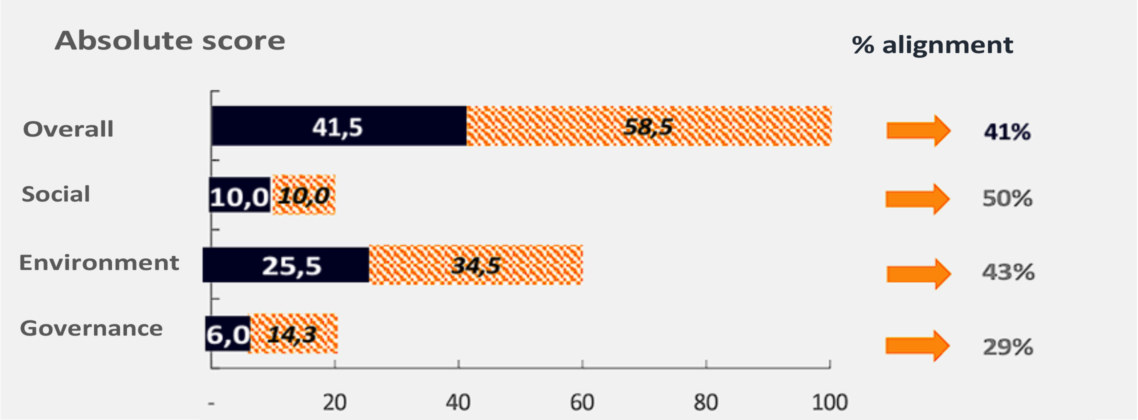
FERRIERE GIUSEPPE CIMA, with a view to orienting its organization more and more effectively toward long-term performance, analyzed the current state of organizational maturity with respect to the three ESG dimensions namely environmental, social and governance.

- It does not fall within the first **CSRD** application window. the Company, consequently, will not be obliged to prepare its **Sustainability Report** as of FY25 subject to the consideration of equipping itself with an ESG information reporting tool prior to the previously mentioned deadline so as to initiate a structured dialogue channel with its stakeholders;
- As a result of the requirement to prepare a Sustainability Report, it will then not be obliged to provide disclosures with respect to both the **EU Taxonomy** and the **CSDD** (in light of the final Directive currently being published).

FERRIERE GIUSEPPE CIMA operates in a sector in which, in the near future, the impact of transformations related to ESG issues and, more generally, to the macro trends of change taking place will be **high**.

AS IS positioning evaluation

The current positioning of FERRIERE GIUSEPPE CIMA against best practices is good and the score obtained places the company in line with the average score potentially obtainable from the proposed methodology.



In detail it emerged:

- Actions will have to be implemented to improve the management of **environmental** issues and in particular on the performance measurement systems themselves. In fact, it is appropriate and strategic to **formalize procedures for environmental management** in order to increase the perceived value of the brand and to be able to have the necessary information for proper reporting of information in key ESG reports and response to questionnaires or stakeholder questions;
- Positioning in the **social** area is equal to the average value thanks to the initiatives introduced in favor of its employees but needs to be supplemented both from a formal point of view and, in particular, with regard to **supply chain management**;
- With regard to **governance**, finally, improvement actions can be identified both in the organizational framework and in the more structured **formalization of roles, responsibilities and procedures.** In this sense, several opportunities for implementing improvement actions consistent with the company's size and complexity can be configured. It will also be necessary to initiate a gradual process of disclosure on the company's commitment to ESG issues and more structured analysis of its stakeholders.

Evaluation of the macro areas of analysis

A more detailed assessment of ESG issues according to the proposed key of analysis, i.e., with respect to the presence and application of corporate policies and management systems and the activation of safeguards to monitor and control corporate performance, is shown in

	Management Systems and Policies	Performance and Monitoring
Governance	25%	53%
Social	30%	55%
Environment	50%	50%

Main emerging evidence

Regarding ***governance,*** the analysis carried out shows the need to proceed with the structuring of the three backbones of governance and management of ESG issues, respectively:

- ***Government of sustainability*** useful for subsequent implementation of performance improvement actions, to the definition of corporate positioning and, more generally, to the definition of a medium-term strategy integrated with the industrial component;
- ***Formalization of roles and procedures*** useful for initiating the process of collecting, processing and validating data and information risk management transcending from strictly ESG issues;
- Reinforcement of the company's principles and commitment to key ESG issues through the **consolidation of the Code of** Ethics so that it can be the internal behavioral cornerstone that with respect, first and foremost, to its suppliers and toward stakeholders in general.

At present, the ***environmental*** issue appears to be the area on which the main interventions are needed. In fact, it would be necessary to intervene both from the point of view of corporate policies and, above all, from the point of view of implementation of monitoring principals. In fact, it is suggested that:

- Proceed with the establishment of ***policies and procedures*** for more timely handling of environmental issues such as: general environmental policy and GHG emission management-through carbon footprint.
- Strengthen processes for collecting and processing data and information useful for ***constant and proactive monitoring*** of key environmental areas. This action could be understood as consequent to the structuring of the environmental management system;
- Define an initial set of ***goals*** for reducing or offsetting emissions and/or, more generally, negative externalities generated by the enterprise.

The ***social*** area appears to be well manned particularly with regard to human capital management without prejudice to the possibility of further developing the area with interventions aimed at improving both training and employee welfare, including through the formalization of certain practices.

On the other hand, we consider relevant, although the gradualness of interventions should be evaluated according to company size, the definition of:

- A more stringent ***policy*** toward its suppliers both in their selection and control and in the ability to exercise more leadership by guiding and supporting them in embarking on an ESG journey.
- Define a ***strategy for interaction and involvement*** of the local community and stakeholders that can generate value and growth opportunities both in terms of brand reputation and business;
- Obtain, with a tendency, a ***certification on the subject of health and safety*** and/or peculiar aspects of personnel management aimed at improving not so much the oversight of the subject as the perception at the market level.

Strategic Intentions

Roadmap

This assessment provides an overall view of an organization's performance and the degree of maturity of its management system; it can also help identify areas for improvement and/or innovation and determine priorities for subsequent action.

Audits are used to determine the extent to which, for example, requirements related to a management system are met (against a defined standard or the organization's own criteria). In addition, this analysis and evaluation approach has the potential to be a learning tool that can provide insight into the organization, foster stakeholder involvement, and support the organization's overall planning activities.

A mature organization acts effectively and efficiently and achieves lasting success through:

a) **Understanding** and **meeting** the needs and expectations of stakeholders;

b) **The monitoring** of changes in the context of the organization;

c) **The identification** of possible areas for improvement, learning and innovation;

d) **The definition** and **deployment** of policies, strategy and goals;

e) **The management** of its own processes and resources;

(g**)** building mutually beneficial relationships with stakeholders, such as external suppliers and other stakeholders.

This self-assessment tool articulates in seven areas and three different levels of priority the actions that in summary and in an articulated way among them allow to fill any gaps that have emerged.

Mapping of actions to be put in place according to the ESG assessment

PRIORITY 1

Within 12 Months
- Code of Ethics under ESG.
- ESG Governance
- ESG Monitoring
- Carbon Footprint

PRIORITY 2

Within 24 months
- Dual materiality analysis
- ESG Communication
- MOG 231
- ESG procurement policy
- ESG Training

PRIORITY 3

Within 36 months
- Sustainability Report'
- HR Policy
- Energy analysis in P2

Intervention timeline

Based on the interlocutions that took place and the findings from the audit, a number of improvement and development actions were identified that we believe to be relevant both for the purpose of consolidating ESG positioning and in order to properly exploit any related opportunities. The set of actions identified and shown in the table above were then broken down both by scope of action and, more importantly, by development priority. Best business cases and previous experiences in similar or comparable realities to FERRIERE GIUSEPPE CIMA were used to define the latter.

This proposal, however, is a suggestion that may be modified or supplemented in light of the company's vision and goals.

Proposed intervention for Priority 1 actions.

ACTION	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*
Consolidation of code of ethics												
ESG Governance												
ESG Monitoring												
Carbon Footprint												

Considering the company's positioning and future challenges, we have identified not only the actions to be put in place but also their activation timeline. Our proposal is based on the economic and organizational sustainability of the implementation of the actions themselves and their ability to generate an immediate benefit to the organization.

The 12-month time horizon for the possible implementation of Priority 1 actions is based on the assumption of updating the screening document and the need to prepare all preparatory actions for the preparation of the sustainability budget scheduled for FY2024.

On the following pages are descriptions of the individual highest priority actions in order to give appropriate representation of the expected benefits and consequent activities.

Focus on: Actions Priority 1

CONSOLIDATION OF CODE OF ETHICS

This activity will make the document a real tool for managing ESG issues by supporting the company in a clearer positioning on them and defining an initial scope of application of the ESG improvement pathway

Complexity: **Organizational impact:**

ESG GOVERNANCE.

Support in identifying the governance and management structure within the board and organizational structure on ESG issues and, in particular, supporting the Board and CEO in preparing the Integrated Strategic Plan (or ESG) and Sustainability Report going forward.

Complexity: **Organizational impact:**

CARBON FOOTPRINT

Analysis of environmental performance and, in particular, of the company's GHG emissions according to a holistic and cross-cutting approach i.e. Scope 1 - 2 - 3. Based on the evidence from this analysis, it will then be possible to define more precisely areas of intervention and more generally the net zero strategy of FERRIERE CIMA.

Complexity: **Organizational impact:**

ESG MONITORING

Implementation, of procedures and controls that allow a constant and effective collection of useful data to carry out the monitoring of performance, primarily environmental and energy. The activity will be complementary to obtaining certifications and preparatory to the definition of a new ESG strategy and for the drafting of the Sustainability Report.

Complexity: **Organizational impact:**

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