

Sustainability Report



2020



Introduction

After more than 50 years of activity in the world of synthetic leather, Coronet is today an international group with a modern, green and increasingly digital soul, able to work alongside the great fashion maisons towards a sustainable and cruelty-free future. Thanks to the desire to get involved shared by the entire Board of Directors - which is always setting new and ambitious goals - we have started a green transition that has transformed us deeply, highlighting those values that we consider essential, as a business group and as individuals.

We are convinced that the objectives of growth must be combined with respect for people and protection of the environment: for this reason we have adopted our own Code of Ethics that highlights the main values that the Group recognizes, accepts and shares and highlights the set of responsibilities that it assumes, inspired by the principles of fairness, transparency and legality. We are committed to further reducing

greenhouse gas emissions thanks to the green energy produced within our facilities, optimizing water resources and recovering polluting waste, respecting human rights and ensuring the safety of our employees, to protect the planet while we grow our business.

For Coronet, drawing up the CSR Report means, first of all, sending out a message of great value from a strategic point of view, making communication on corporate governance and sustainability policies transparent. We believe that social responsibility is a long-term investment aimed at strengthening the group's competitiveness on the market, improving risk management and attracting new talented employees. In this perspective, the dialogue with stakeholders becomes an invaluable opportunity, so that new ideas and objectives can arise from the comparison to be developed together, in order to enhance the meaning and scope of any future investment.



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Letter to stakeholders

Coronet S.p.A. recognizes corporate social responsibility as a decisive factor for its own strategic development and searches for an approach aiming at enhancing people within a model of business oriented towards economic, environmental and social sustainability.

The Company's commitment is manifested through the creation of new materials in the spirit of eco sustainability through activities aiming at reducing environmental impact, monitoring the use of energy resources, staff involvement as well as communication and relationship activities with stakeholders. It is thanks to this effort and through the search for production processes that our innovative and sustainable BioVeg and H2O ranges, developed in the past few years, have contributed to reduce harmful emissions and energy consumptions. Coronet strategic vision is based on a deep value approach matured in decades of activity that considers the Company as a promoter of responsible behaviours towards communities and industrial development of the Country in compliance with the expectations of current and future generations. The Company has undertaken the writing of its first sustainability report for the year 2020 with which wants to make objective and transparent the targets achieved, the measured performance and the goals it sets itself for the future.

Innovation, R&D, respect for the ethical environment and transparency are the strengths through which Coronet intends to best face future challenges. Particular importance is given to the Company's employees of every role and function to whom we want to address on the occasion of the publication of this first sustainability report a special thanks. The difficulties encountered during these months marked by the dramatic events related to COVID 19 and the consequent repercussions on business, have made it even more evident that cohesion between people in the Company allows them to resist and to look positively to the future.

The President,

Umberto De Marco

The CEO,

Dalno Tagliarini



*A Company with over
50 years of history*

1 Company profile



1.1 Who we are

Coronet was born more than 50 years ago and it is still a leading Company in the production of synthetic leather for the manufacturing industries of footwear, clothing and automotive furniture. Thanks to the perseverance and entrepreneurial spirit of the founder Mr **Enrico De Marco**, Coronet has become over time the most innovative Company in the polyurethane coating sector, positioning itself among the world's leading Companies for the production of technical materials for footwear and leathersgoods. The constant search for quality led the Company to the creation of qualified and highly sustainable innovative products. To produce materials that respect the environment and having high quality performances has always been the goal of the Company.

The path of consolidation and growth of the Company, that in recent years has taken an international importance, led to the creation of sustainable product lines under the brand name Coronet. In particular the constant and conscious commitment to reduce environmental impacts, has resulted in the design and development of BioVeg, the eco friendly line of products made with recycled PES bottles and bio polyoils having the highest biomass % available on the market.

Furthermore, a solvent less range called H2O was also implemented thanks to the use of water based resins and microfibres. Thanks to cutting edge techniques, always in step with technological evolution, the R&D Dept. has set itself as its main objective the realization of a material completely solvent free and zero environmental impact.

The Company is an international group with four production plants in Italy, China and Vietnam. Coronet is playing a leading role on European markets such as: Spain, Portugal, Germany, The Netherlands, Finland and in the Far East.

1.2 Our offices and production plants: an international group

HQ are in Italy at the following address:

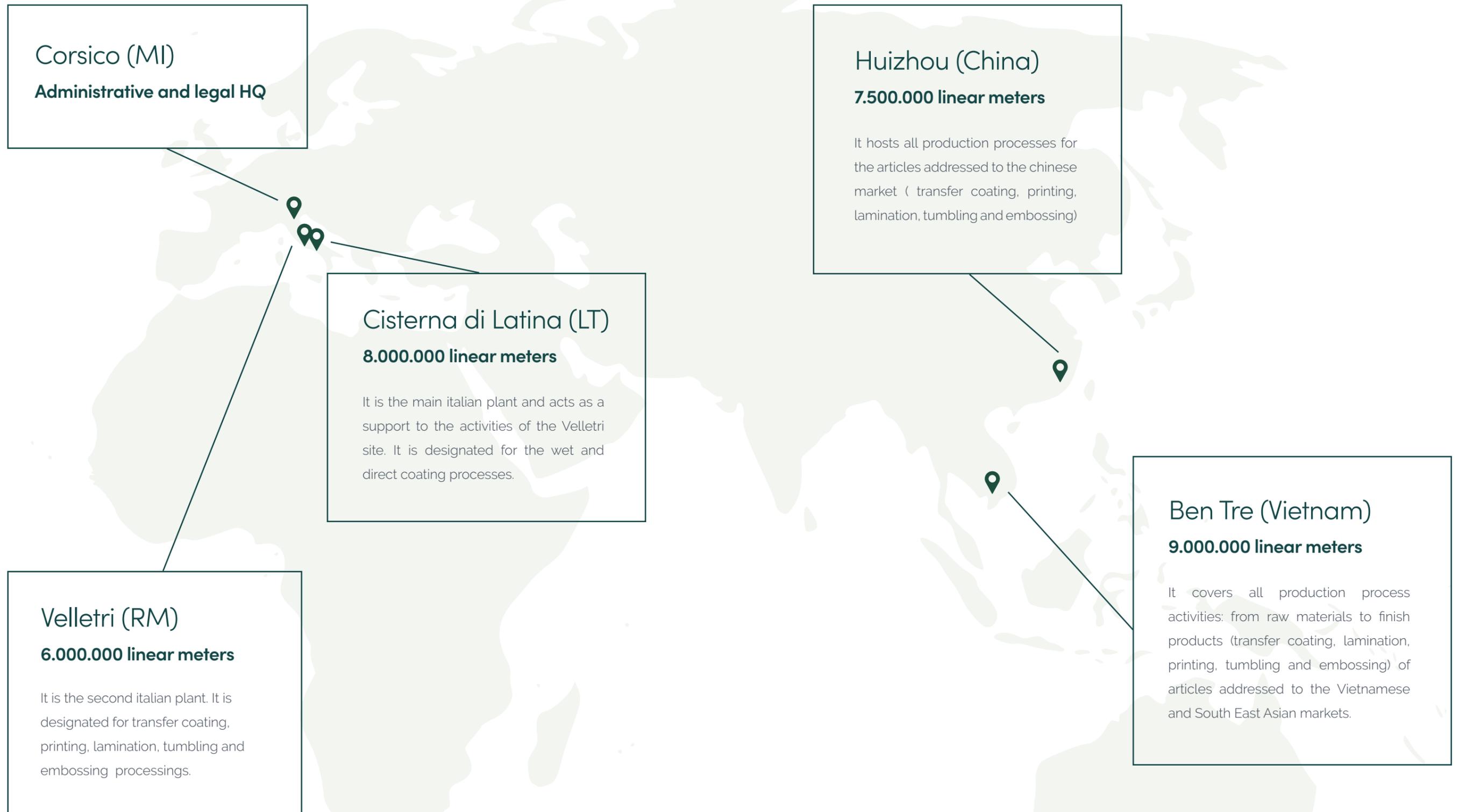
**Via Leonardo Da Vinci 40
20094 - Corsico (Milano)**

In addition to the administrative HQ in Corsico: the business centre and beating heart of the Company, two italian production sites are to be included: one in **Cisterna di Latina (LT)** and the other in **Velletri (RM)**. The Company has maintained its italian roots by continuing to invest in local production sites intended to feed European markets.

However, to access the international markets, that have shown a greater development in recent years, Coronet has invested in an important process of internalization through investments in Asia where the Company has settled with new production plants starting from 2006 in China and 2014 in Vietnam.

Below is the list of Company plants and their relative function in reference to the production process and the realization of the finished product.







1.3 Our history

Coronet was born in 1967 from the ideas of the founder Enrico De Marco who led the Company until the generational transition with his son Umberto over the last 10 years. The long time experience in the synthetic leather industry together with the determination and vision of the founder have immediately allowed Coronet to offer multiple proposals/alternatives, all of the highest quality level and distinguished by an exclusive performance that have made Coronet a leading Company recognized worldwide for

the production of technical materials for footwear and leathegoods.

Between 1978 and 1986 RITMO Srl and ITAL.CO Srl were founded. In 2003 the two Companies merged into Coronet SpA together with PA.RI. PACK Srl founded in 1992. At the end of this corporate merger, Coronet operates through three locations: Corsico, Velletri and Cisterna. Coronet has always been a Company with a very strong international orientation and a high

percentage of export sales. With the aim of not losing contact with historic American and UK customers expanding in the Asia market, in 2006 the Company acquired a first industrial plant in China and in 2014 an additional plant was started in Vietnam that allowed to strengthen the commercial offer towards a thriving and rapidly expanding market. The opening of international markets, without ever compromising its Made in Italy nature, led the Company to invest further in R&D to draw

up new eco friendly and solvent free sustainable materials with a very low environmental impact. This focus on eco sustainability allowed the launch of two product lines particularly innovative: BioVeg in 2017 and H2O in 2014.





1.4 The values, vision and mission of the Company

In the deep conviction that the growth objectives must be combined with respect for at the basis of social life and with a corporate governance implemented according to clear and shared rules, Coronet has adopted its own Code of Ethics. The document highlights the main values that the group recognizes, accepts and shares as well as the set of responsibilities that it assumes inspired by the principles of correctness and transparency.



LEGALITY

Equity of the Authority
Coronet complies with national and community laws and regulations and any other legislation in force in the Countries where it carries out its activity

Coronet avoids any discrimination based on nationality, race, state of health, sexuality, political opinions and religious beliefs.



IMPARTIALITY



EQUITY OF AUTHORITY

Coronet undertakes so that the authority is exercised with impartiality, fairness and correctness avoiding any abuse.



ENVIRONMENT AND SAFETY

the environment is a primary asset that Coronet is committed to safeguard. The Company, to this end, complies with the regulations in force in each Country where it carries out its activity and organizes its business and economic management in compliance with it. In addition, the Company works to preserve the health and safety of workers with preventive actions guaranteeing the physical integrity of its staff and working conditions that respect individual dignity. Coronet is committed to complying with current legislation on health and safety in the workplace, to spreading and consolidating a culture of safety , developping awareness of risks and promoting responsible behaviour by all employees.

Coronet undertakes to comply with current legislation on fair competition and to avoid the manifestation of any conflict of interest between economic and personal activities and duties.



CONFLICT OF INTERESTS



FREEDOM AND SPONSORSHIP

Any act of commercial courtesy, gift or benefit or any present is only allowed when it is such that it can't be interpreted as aimed at acquiring an advantage improperly. In addition, sponsorship activities that may concern the social, the environment, the entertainment, the art and the sport are intended only for events that offer quality or projects to which Coronet can constructively bring its experience.



Crafted by nature

a Company recognized for its high quality performances made respecting the environment and the ecosystem

The set of values that distinguish the history and the evolution of Coronet are summarized in the "Crafted by Nature" payoff that translates concretely every day into the search for productions run with innovative materials with high quality performance and respecting the environment and the ecosystem.

The ultimate goal that unites the set of business objectives, coinciding with the Company's mission, is the achievement of low environmental impact productions thanks to research, cutting edge technologies and techniques for the implementation of green core materials with the highest percentages of biomass available on the market.

Specifically, Coronet proposes itself as a leading Italian Company in its field, at a global level, that alongside its historic sales force based on quality, innovation, product sustainability and customer service, grants some extra efficient processes that leverage digital technologies with low environmental impact.

The growing awareness of the importance of the community and territory, led the Company to set itself the goal, in the coming years, to take the legal name of "Benefit Company" thus becoming an organization that, in addition to profit target, will contribute to maximizing the positive impact on society, people and the environment.

To create products with low environmental impact thanks to research, technologies and cutting edge techniques to implement green core materials with the highest percentages of biomass available on the market.



1.5 Certifications

To ensure the constant drive towards improvement, the Company has adopted an integrated management system, that's to say an organizational tool to oversee aspects related to the quality of its performance, interactions with the environment and occupational health and safety. This system is ISO 9001, ISO 14001 and ISO 45001 certified.

With reference to the management of environmental risks, the Company adopts a LCA (Life Cycle Assessment) approach, a study that analyzes through a life cycle analysis, according to ISO14040 and 14044 standards, the making of materials composed of bio plastic compounds from renewable resources. The LCA method jointly analyzes the impacts of raw materials, productions and transport.

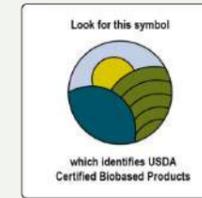
With regard to topic of eco compatibility, Coronet is committed to the purchase of raw materials that have GRS and FSC certifications. GRS certification attests that the recycled polyester of the fabric originates from post consumer recoveries, ensures the content from recycled materials, the traceability along the entire production chain and the restriction in the use of chemical products. USDA certification attests a biobased % higher

than 25% by weight: in this regard the Company boasts, for some articles, the overcoming of 80% of biobased content.

FSC certification demonstrates the correct forest management and the relative viscose traceability for the articles named Veg, BioVeg and H2O: the finished product is therefore guaranteed it has been made with raw materials deriving from properly managed forests. Finally, the PETA certification (People for Ethical Treatment of Animals) is given to Companies that do not use animal origin raw materials in the making of their products.



Peta's (People for the ethical treatment of animals) aim is to stop animal suffering. Having a "PETA approved Vegan" logo is a guarantee.



USDA (United States Department of Agriculture) BIOpreferred helps promoting agricultural productions and natural resources preservation through conservation and restored forests.



An ISO 14001 certification is a useful tool to add credibility by demonstrating that articles and services meet the environmental protection expectations of customers.



An ISO 45001 certification is expected to reduce workplace injuries and illnesses by putting in place a safe working environment for employees.



An ISO 9001 certification provides objective proof to staff, customers, partners and the outside world that customer satisfaction is the core of business.



1.6 Coronet's products

Coronet's commitment to environmental sustainability and integrated application of an eco friendly approach allowed the launch of two new products lines, expression of the will to undertake a path of technological innovation and circularity of production processes.



A range of products highly sustainable made with recycled PES from plastic bottles and bio polyoils from no food corn crops and GMO free. These materials have the highest % of biomass available on the market and are the expression of the perfect combination of high technical performance, aesthetic appearance and high quality standards. The production technology created specifically for these items as well as the result of investments in R&D make it possible to significantly limit the environmental impact compared to the use of traditional raw materials. BioVeg

materials boast LCA certification (Life Cycle Assessment) which determines the environmental impact in reference to the individual steps of the production process according to ISO 14040 and ISO 14044; LCA certification shows how the BioVeg range is particularly sustainable to the health, environment, impact on climate change, global warming and use of natural resources. The scope of application of the BioVeg range is particularly versatile as it can be adapted in different sectors: from footwear to leathersgoods, from clothing to automotive, from labels to furniture.



it is the result of intense efforts from our R&D team. The peculiarity of this collection is the total absence in the use of chemical solvents within the production process that only employs innovative water based resins that allow to reduce emissions both in the workplace and in the atmosphere. This new product range, thanks to the presence of raw materials fully solvent free and waterborne aliphatic resins, combined with the most innovative production technologies, reduces

pollution levels of materials without affecting the touch, the softness and durability of the material itself.

In addition to the production of the two new highly sustainable lines, the Company continues to develop and offer its traditional synthetic fashion proposals known as "Coronet Maison" while high resistance microfibres materials for technical footwear (cycling, safety etc) come under the name of "Coronet Innovation".





Coronet has always been searching for materials that represent an optimal mix between technical performance and aesthetic features. The new BioVeg line is the result of years of R&D and represents the incarnation of this concept. The production technology developed specifically for these products, uses biological derivation raw materials that allow a lighter environmental impact than standard process.



The articles of the H2O family are made with solvent free materials. The selection of waterborne aliphatic resins combined with the application of the most innovative production technologies have brought down material pollution levels without compromising touch and softness. H2O products use raw materials of EU origin and comply with the strictest European regulations on hazardous substances.



2 Governance and organization

A responsible and transparent Company



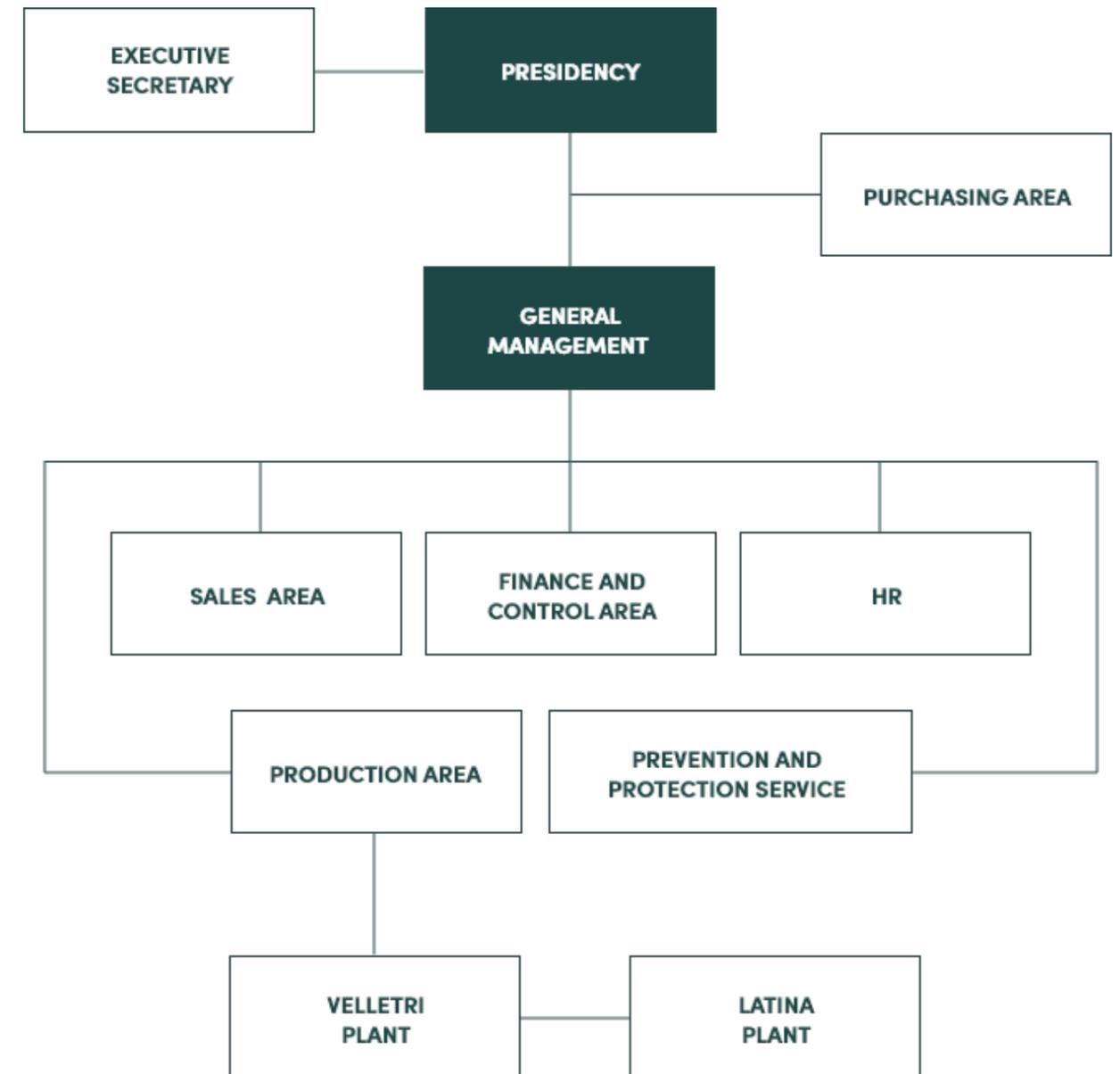
Coronet SpA is a Joint Stock Company owned by Mr Enrico De Marco for a composed quota of 5.750 ordinary shares (1%), by Umberto De Marco for an overall share of 109.250 ordinary shares and by Alteria Srl (80%) for a quota of 460.000 ordinary shares.

The members who make up the Board of Directors of the Company are Umberto De Marco (President of Board of Directors), Jarno Tagliarini (Chief Executive Officer) and Massimo Bonomi (Member of the Board of Directors). Two directors are between 30 and 50 years old and one advisor is over 50. Among them one is also a Company's employee with Manager qualification.

With reference to the composition of the supervisory bodies and their members and auditors, the board of statutory auditors of the Company is composed by: Pignataro Andrea Enrico (President), Amenta Ferruccio, Sabatini Marco Giulio and Falcone Cristina (Auditors) and by Luraghi Andree (Alternate Auditor). In addition to the Head Office, Coronet SpA has multiple offices and secondary units both in Italy and abroad. Among the moments that have marked the Company evolution there are 3 Company mergers: RITMO Srl with PA.RI.PACK Srl and ITAL. Co Srl in 2003.

BOARD OF ADMINISTRATION	07/08/20 - 31/12/22	Chairman of the Board	De Marco Umberto
		CEO	Tagliarini Jarno Paolo Corrado
		Advisor	Bonomi Massimo
BOARD OF STATUTORY ADVISORS	07/08/20 - 31/12/22	Chairman of the Board of Statutory Auditors	Pignataro Andrea Enrico
		Auditor	Amenta Ferruccio
		Auditor	Sabatini Marco Giulio
		Alternate Auditor	Falcone Cristina
		Alternate Auditor	Luraghi Andrea
AUXILIARIES	08/02/12 - until revocation	Legal Representative	Taddei Cristina Simona
	12/02/16 - until revocation	Legal Representative	De Martin Gianluca
	28/03/18 - until revocation	Legal Representative	Beraldi Domenico

Organisation chart





*A strategy in the name
of sustainability*

3 Business model and sustainability



Attention to the circularity of production processes, the creation of low environmental impact materials and the identification of an approach that protects man in his person are the pillars that project the Company towards an increasingly sustainable future. The drive towards innovation translates every day into the implementation of a business model in line with the principles of environmental and social economic responsibility in order to meet the needs of the present generations without compromising those of future one.

This triple declination of responsibility, implemented with concrete conviction, in particular following Umberto De Marco's arrival at the helm of the Company, sees for the future of Coronet an acceleration of productions such as the BioVeg line, with the aim of maintaining a high value of bio content in articles made with innovative technologies such as the H2O line that does not employ solvents.

The growing expansion towards luxury markets and the acceleration of the digitization process are the other fundamental levers for corporate, cultural and organizational business change. The Company Group plans a global strategy aimed at strengthening its commercial force focused on sustainability, on innovation and product/service quality by implementing efficient processes that will increasingly be based on digital technologies. From this point of view, as a result of the pandemic emergency linked to Covid 19, the Company intends to accelerate these intentions with the aim of attacking high end markets particularly attracted by its production.



Coronet's strategic goals

01

Expansion the production of BioVeg and H2O lines

02

Digitization of processes to make them more efficient, innovative and sustainable

03

Expansion towards luxury markets



*A shared commitment
to a common goal*

4 Relationship with stakeholders



The ability to identify the interests of individual stakeholders is of primary importance for a business governance based on social responsibility: the understanding of the external and internal environment cannot be separated from a conscious and accurate analysis of the reference context. For this reason, Coronet's business strategies are the result of an ongoing dialogue with stakeholders and a deep listening to their specific needs.

With regard to the relevant external and internal factors pertinent to the purpose and strategic guidelines, the Company adopts an approach aimed at maintaining a stable and lasting relationship over the time with all its stakeholders. This report constitutes a valid corporate communication tool as well as a useful means of information towards all parties involved, it

refers only to Coronet and considers the Italian organization as the perimeter of corporate reporting unless otherwise indicated. With reference to the contents, the Company identifies a set of relevant issues for the development of present and future business strategies drawn up according to criteria of environmental and social economic responsibilities that relate to the CSR (Corporate Social Responsibility) sphere. The value of this document assumes even more importance as it constitutes the first sustainability report of Coronet, expression of the Company to undertake a more and more persuaded sustainable path. Confirming what has just been said, the Company declares that the reporting of sustainability aspects will continue on an annual basis in the future.

Stakeholders map





*The crowning achievement
of a new idea of future*

5 Performance and future outlook



5.1 Management performance and foreseeable evolution

In 2020 for many Italian Companies, the economic and financial implications related to the outbreak in 2019 of the pandemic from Covid 19 have been particularly impactful. Coronet recorded revenues from sales of € 10.6 millions with a reduction of about 17% compared to 2019. This difference is mainly linked to the decline in turnover at the Chinese and Vietnamese subsidiaries. This is chargeable to the strategic choices made in 2019 and related to the limitation of intra-company sales due to the situation changed on Asian markets.

The EU and non EU markets have also been affected by the pandemic emergency: in these areas a decrease of 24.4% in turnover is reported. There has also been a significant increase in orders for the Italian market (€ 4.8 millions i.e. + 19.4%). This increase in turnover is mainly related

to the Company's choice to pursue and increase the orientation at making high added value materials particularly sustainable and performing articles that are more popular among high end customers. Consequently, despite the dragging on of the effects from Covid 19 emergency, the expectations are for a continuous growth for the Italian market, thanks to the evolution of the sustainable offer that is in great demand among market niches. The Company also intends to pursue this strategic choice on export sales.

Some results have already been achieved in the first half of 2021: the Company's sales have increased by 71% compared to the same period of 2020 (+2.9 million euros) and by 45% compared to the same period of 2019. Asian subsidiaries have also reached pre Covid 19 turnover levels in recent months.

“A liability capital, an investment for the future”

5.2 Relations with customers

Coronet's target customers mainly belong to the luxury market always attentive to material sustainability features. Coronet pays a great attention to managing its relationship with customers. There are many CRM (Customer Relationship Management) areas of application. Our goal is to create long lasting relationship with customers. For this reason, Coronet's strategy is also based on the seek of suppliers set to become long term partners. The Company turnover is 90% based on customised articles shaped on customers specific needs. The search for continuous improvement constitutes the engine of all the activities: hunt for raw materials from sustainable supply chains, expansion in new markets and in new geographical areas as well as the implementation of new communication activities and promotion of sustainability dedicated to customers.

The constructive and engagement based relationship with the customer is nurtured through activities such as:

- 01 Carrying out of dedicated meeting with customers
- 02 Information initiative
- 03 Multi thematic working groups in co-presence with customers and suppliers
- 04 Planning of various guided visits

The Company pays particular attention to information and training initiatives for customers on responsible consumption: specific actions are used such as publication of articles and literatures, insights with sales agents and B2B meetings with customers.

Particularly important, in terms of quality and service to the customer, is the organization of workshops with customers and suppliers on product development. Coronet promotes meetings aimed at listening to specific customer requests made to improve the development of new customised articles. This information is then reported back to the laboratory for implementation. Customer care is meant to build customer loyalty and satisfaction.

A well framed sales network is what Coronet uses both in promotion activities and in the identification and implementation of offers aimed at the customer, in such a way as to guarantee, through a quick and quality service, timely answers thus increasing customer satisfaction in the long term. Customization takes place by developing R&D activities based on customer requirements. This process, generally, starts with the selection of a Coronet product which can be



Listening to customers: a winning choice

modified to meet any additional specification.

The Company is particularly dynamic in planning on site-guided- visits, especially as far as the presentation of innovative products is concerned, articles for which customers show greater curiosity and interest in comparison with traditional ones. In order to promote proper and transparent information regarding product safety and integrity, Coronet pays a great attention to control management.

Through a capillary procedure, it is able to track any anomalies and production discrepancies that are daily reported to the whole technical team as to have immediate vision and activate the team approach to problem solving. Some statistics are exposed below related to complaints in the last three years.

Statistics related to complaints

	2018	2019	2020
Complaints about product quality	31	42	31
Processing problem	28	40	25
Dirty product problems	1	0	3
Packaging problems	0	0	0
Delivery on pallet problem	0	0	0
Labelling problems	2	2	3

The table below shows, respectively, the revenues by commodity category (H2o, BioVeg and traditional line) and geographical market with reference to the 4 main business areas (footwear, leathersgoods, automotive, stationery and clothing).

As to future goals, Coronet intends to reach a turnover breakdown where low environmental impact products represent 50% of the entire revenues amount.

Net revenues in € divided by geographical market*

PRODUCT CATEGORY	ASIA	ITALY	EUROPE (excluding Italy)	AMERICA	TOTAL
H2o	60,000.00	90,000.00	58,000.00	34,000.00	242,000.00
BioVeg	386,000.00	658,000.00	590,000.00	156,000.00	1,790,000.00
Other	14,400,000.00	5,425,000.00	3,398,530.00	59,470.00	23,283,000.00
Total	14,846,000.00	6,173,000.00	4,046,530.00	249,470.00	25,315,000.00

* Part of the turnover shown relates to other companies of the Group

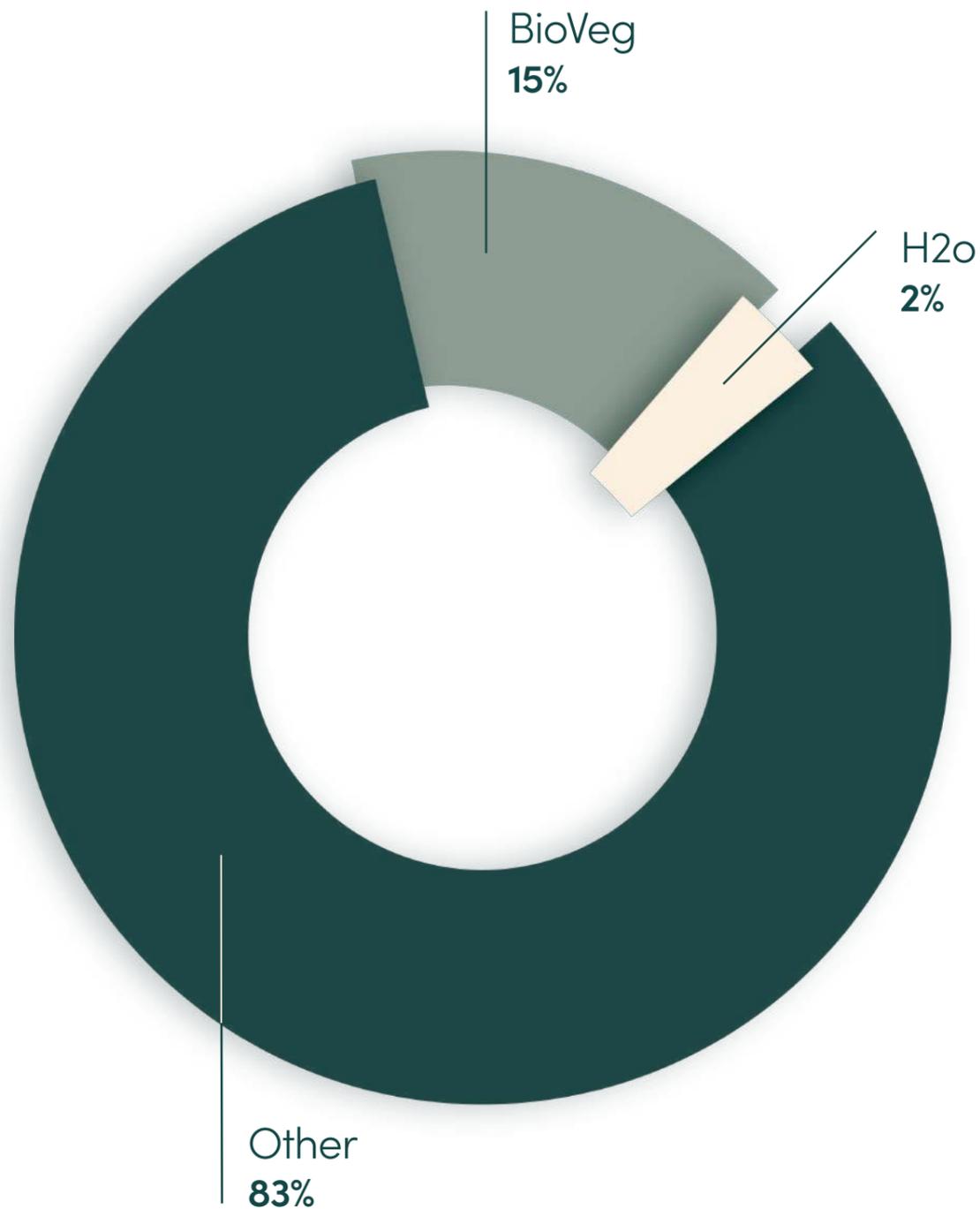
Net revenues broken down by product lines and end markets

PRODUCT / BUSINESS	FOOTWEAR / HAND BAG	AUTOMOTIVE	BOOKBINDING	APPAREL	TOTAL
H2o	162,000.00	0	0	20,000.00	182,000.00
BioVeg	1,250,000.00	44,000.00	80,000.00	30,000.00	1,404,000.00
Other	7,148,000.00	1,250,000.00	315,000.00	170,000.00	8,883,000.00
Total	8,560,000.00	1,294,000.00	395,000.00	220,000.00	10,469,000.00



2020

Percentage of revenues by product lines



5.3 Relations with suppliers

The procurement policies and the relationship with suppliers play a decisive role for the result sought by Coronet. In identifying and selecting suppliers, Coronet is committed everyday to the search for sustainable materials as well as in the choice of innovative products with very high performance and technical features, following the quality management system process.

Confirming the interest to lasting and consolidated relationships with all stakeholders, the presence of a large group of historical suppliers assumes strategic importance and loyalty after a decade of partnership. The main reason for this high loyalty rate of suppliers must be sought, above all, in the application of fairness information policies and in the adoption of a transparent communication. A lot of meetings are held with suppliers: interviews, calls and video calls determined to reach the best co-operation possible.

With reference to payment terms, the Company applies correct payment times to all suppliers and whereas a discount is granted, the Company asks for a prepayment.

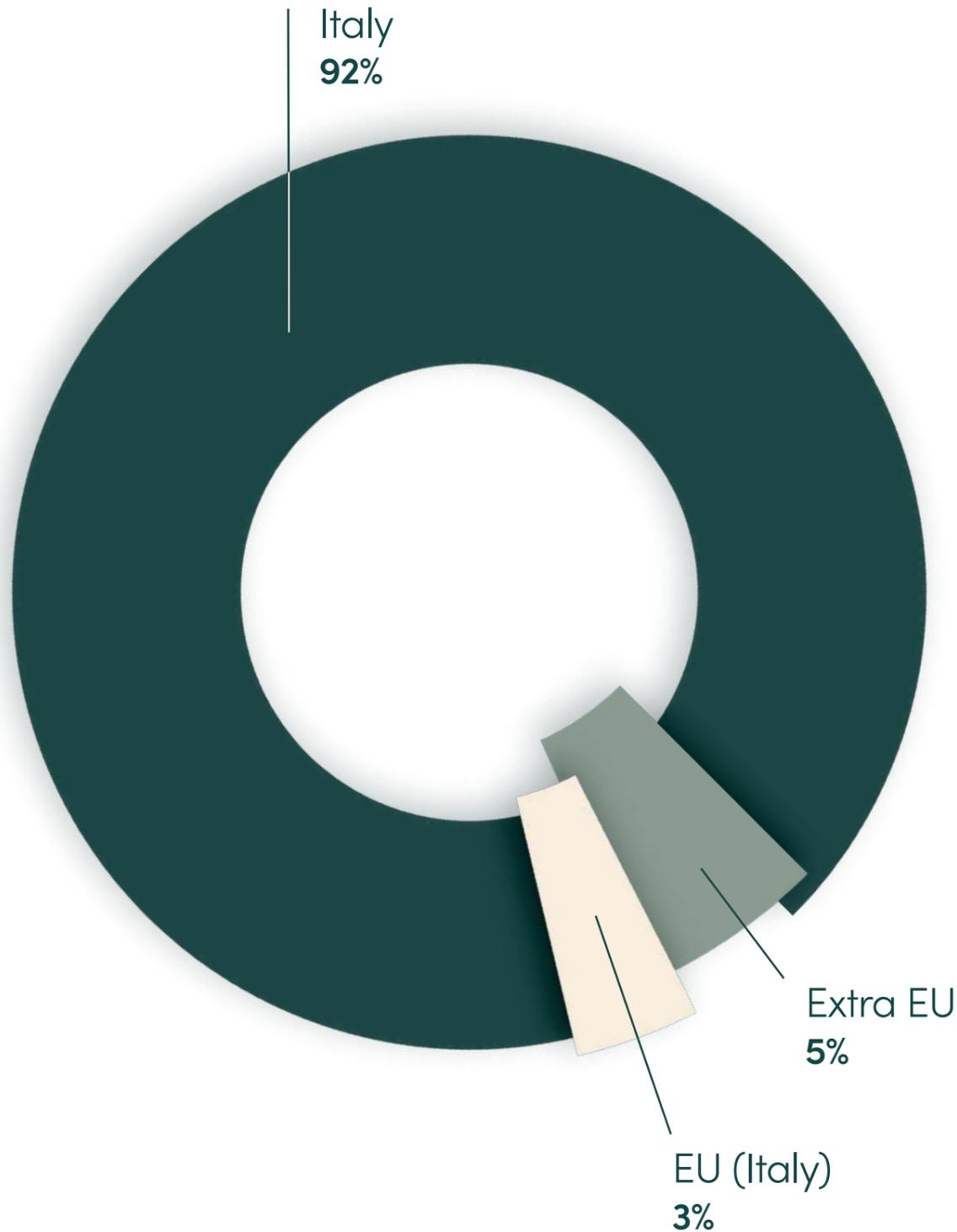
Coronet with the aim of creating a finished product with the best environmental performances, intends, in the coming years, to improve its procurement policies with current suppliers and maintaining high selection standards.

The chart and table below show the percentage of Italian suppliers compared to those of other geographical areas and the percentage of raw material purchased in comparison to services and other supplies over the last three years. The latter are made of polyurethanes and bio polyurethanes as well as natural fibre textile backings.

“Consolidated relationship with suppliers: a quality assurance”



2020
Country of origin of suppliers



Types of supplies

	2018	2019	2020
Raw materials	70%	70%	72%
Services	16%	18%	17%
Other	13%	12%	10%

5.4 Relations with staff

Coronet believes that employees' professional growth within a positive working climate is an essential condition to raising skills and supporting the culture of change by seeking customers satisfaction. The issue of occupational health and safety has always been at the top of the priorities of the organization that adopted ISO 45001 certification as a specific management system for all its workplaces. Employment relationships within

Coronet are regulated through the collective agreement related to rubber, plastic, electrical cable industry which covers 100% of employees. As of 31.12.2020, the Company had 94 employees, 11 of whom were women. 16 people worked in the Milan office, 56 in Velletri and 22 in Latina. As can be seen from the table below, the number of employees has slightly decreased in comparison to the previous two-year-period even if it is almost stable in the three-year/period considered.

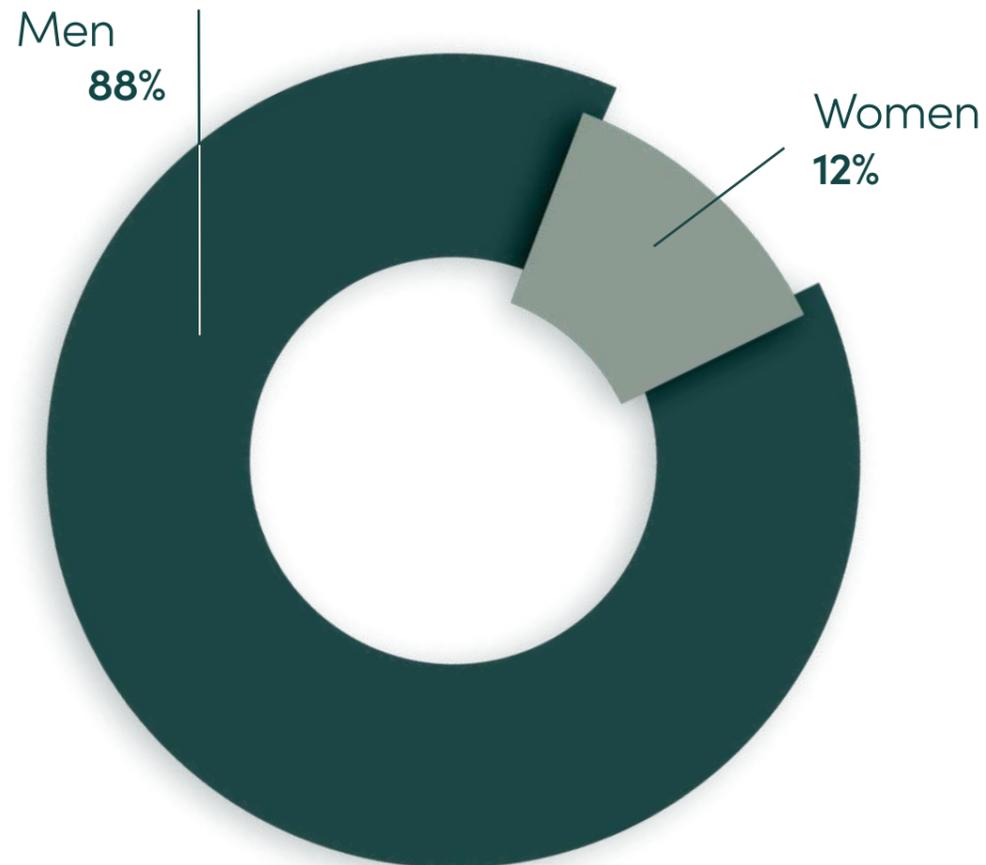
*“People at the centre:
Coronet’s ethical imperative”*



Number of employees at the end of the year

	2018		2019		2020	
Women	11	11%	13	14%	11	12%
Men	85	89%	82	86%	83	88%
Total	96	100%	95	100%	94	100%

2020 Number of employees by type of contract and gender



The Company seeks for a working relationship based on mutual trust and continuity. All employees are hired through a permanent contract and for the last three years, in the workforce, there is only one male person with a part time contract.

2020

Numero dipendenti per tipologia contrattuale e genere

	2018	2019	2020
Indefinite period	96	94	94
of which women	11	12	11
Definitive period*	0	1	0
of which women	0	1	0
Total	96	95	94
of which women	11	13	11

* Including apprentices

The staff is made up of 54% of workers, 31% office people, 13% junior managers and 2% executives. Most of our staff is over 50 years old and for this reason the Company intends to pursue policies to rejuvenate its workforce by guaranteeing an adequate generational change. For new hires, adequate training is given to acquire the skills needed for the assigned tasks.

In fact, the Company gives, to all new hires, a Welcome Training Activity through which the new

employees are assisted by factory supervisors or production managers who guide them in the learning activities related to the part that requires craftsmanship and made them rotate through the different departments in order to get an overview of the entire production processes.

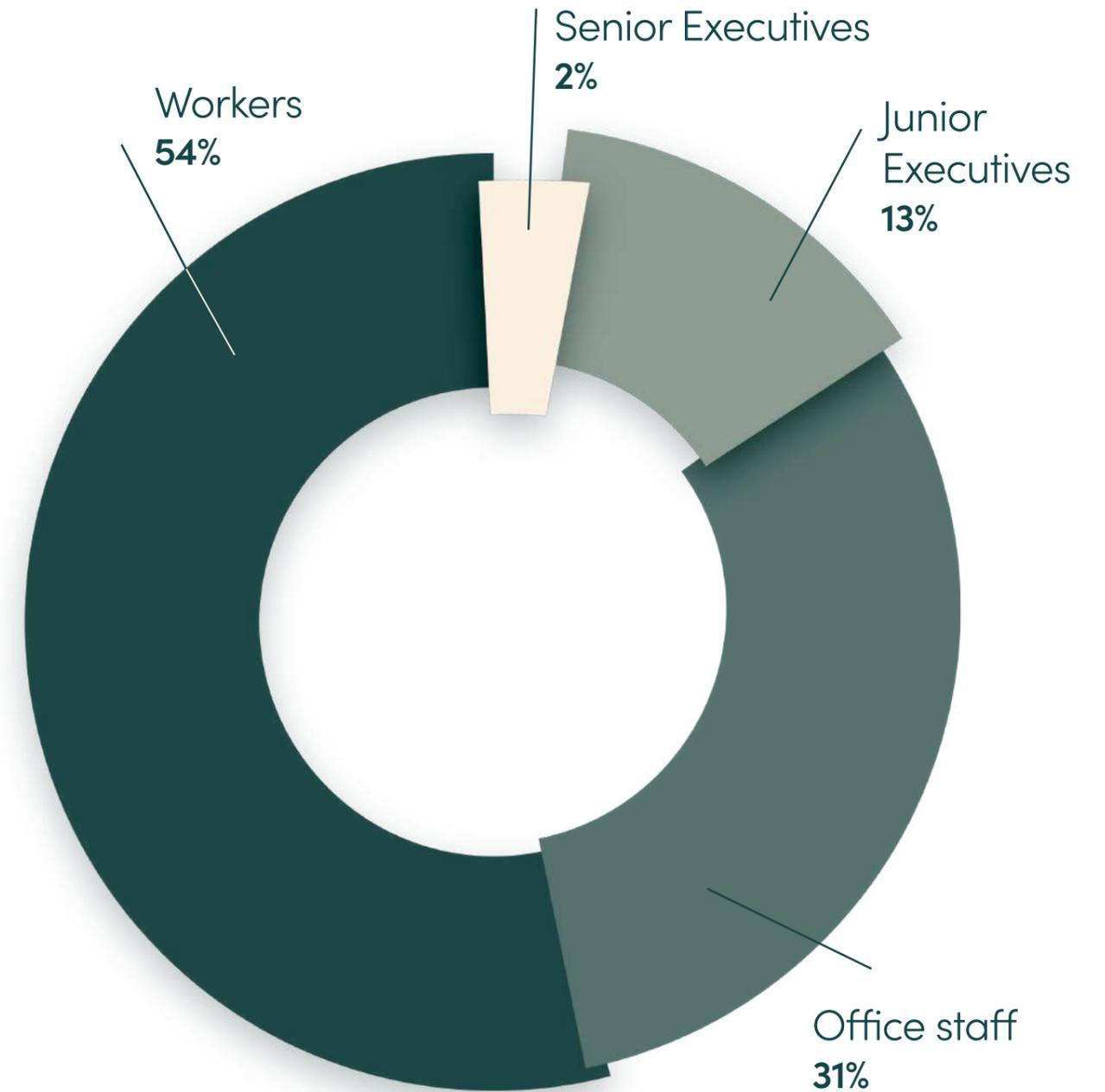
It is worth mentioning that the Company financial area consists in a young and dynamic working staff that fills roles of medium responsibility.



Breakdown of Staff by professional qualification and gender

	2018	2019	2020
Senior Executives	3	3	2
of which women	0	0	0
Junior Executives	10	12	12
of which women	3	4	3
Office staff	31	29	29
of which women	8	9	8
Workers	52	51	51
of which women	0	0	0

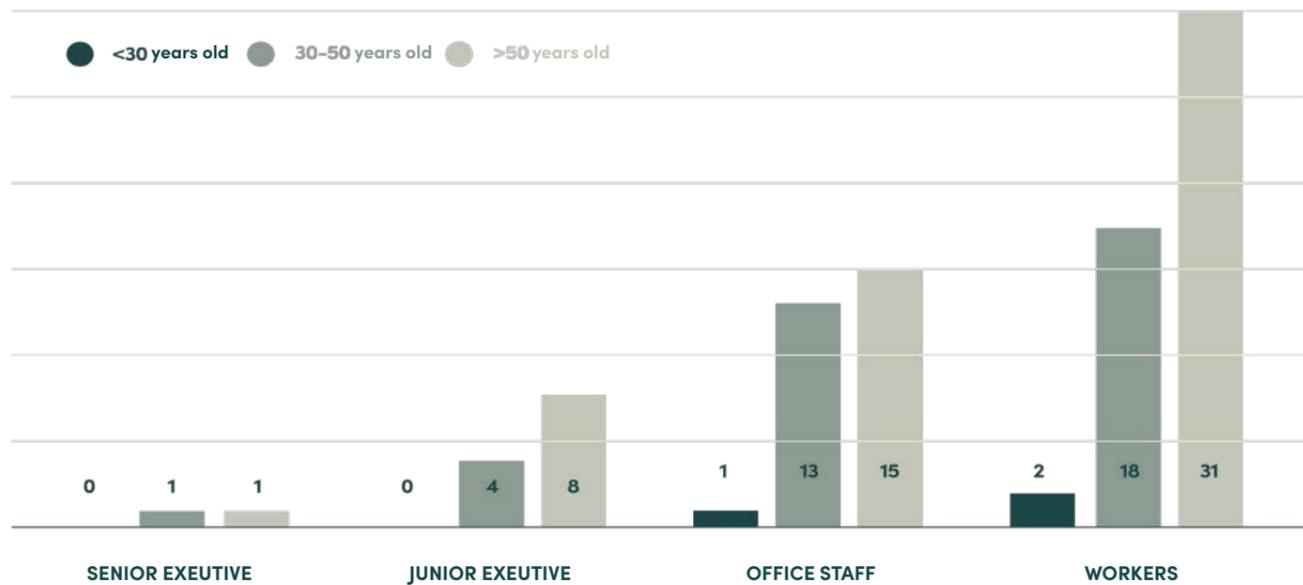
2020 Distribution by professional qualification





2020

Employee distribution by qualification and age



Coronet's turnover rate has significantly decreased over the last three years: from 27% in 2018 to 6% in 2020. Below the figures of incoming and outgoing staff by age group.

Incoming and outgoing by age

AGE GROUP	2018		2019		2020	
	Incoming	Outgoing	Incoming	Outgoing	Incoming	Outgoing
<30 years old	7	5	3	1	1	1
30-50 years old	6	2	2	2	2	1
>50 years old	3	3	1	4	0	1
Total	16	10	6	7	3	3

Turnover rates

	2018	2019	2020
Average staff	95%	94%	94%
Overall turnover rate *	27%	14%	6%

*(incoming+outgoing/average staff) x100

Coronet promotes respect for equal opportunities, social inclusion and diversity and it considers this essential to get an adequate working climate. The Company operates in compliance with law no. 68 of 1999 with regard to the work placement of disability carriers and at the end of 2020 there were 6 people from legally protected categories among the staff.

The female staff who holds decision making roles within the staff Company is 3. There are no episodes of discrimination during the last financial year. The total number of employees who have taken parental leave during the reporting period is 2 (1 for the male gender and 2 for the female one).

Coronet takes into adequate consideration the needs of family work conciliation and plans shifts with a great consideration. Staff operational movements between factories are planned at least 30 days ahead and employees are given a

30-day-notice.

The 3 people who have their residence far from the workplace (2 in Lombardy and 1 in Tuscany) are offered accommodation as well as a trip back home on weekends.

Coronet makes staff aware of the results achieved with the aim to stimulate and involve the workforce. The Company carries out meetings, on an ongoing basis, with trade union representatives (RSU and RSA) in order to share half term results and check trends over time. In addition, Company production bonuses and incentives are envisaged to promote the performance of work in a meritocratic and motivating context.

Coronet favours the recruitment of workers belonging to the local communities in which it carries out its activities, thus contributing to the growth of employment and income of the territory, as well as the achievement of a lower impact on the environment thanks to the limitation of home/work journeys.



Nella seguente tabella sono stati raccolti i dati sulla provenienza dei lavoratori per le tre sedi di Coronet durante il 2020.

CITY OF RESIDENCE	N° EMPLOYEES	PLACE OF WORK	CITY OF RESIDENCE	N° EMPLOYEES	PLACE OF WORK
Cisterna di Latina	9	Cisterna	Rho	1	Corsico
Priverno	1	Cisterna	Settimo milanese	1	Cisterna
Lariano	1	Cisterna	Novate milanese	1	Cisterna
Velletri	2	Cisterna	Cisterna di Latina	14	Velletri
Sermoneta	1	Cisterna	Milano	1	Velletri
Latina	8	Cisterna	Velletri	17	Velletri
Milano	3	Corsico	Latina	6	Velletri
Valdagno	2	Corsico	Lariano	4	Velletri
Bareggio	1	Corsico	Anzio	4	Velletri
Corsico	1	Corsico	Cori	2	Velletri
Albairate	1	Corsico	Aprilia	2	Velletri
Zibido San Giacomo	1	Corsico	Ceccano	2	Velletri
Vergiate	1	Corsico	Nettuno	1	Velletri
Villasanta	1	Corsico	Prato	1	Velletri
Lonato del Garda	1	Corsico	Busto Arsizio	1	Velletri
Legnano	1	Corsico	Gorla Minore	1	Velletri



Occupational health and safety

Coronet's priority is to ensure employees health and safety in the workplace. To show attention and sensitivity towards psycho-physical well being of people means reducing the number of accidents and days of absence due to sickness, thus raising productivity. As a proof of the seriousness with which the Company deals with this issue, it is noted that in addition to acting in full compliance with the legal provisions on health and safety at work , during 2020 the management implemented all its working sites with an ISO 45001 Certification.

According to Decree Law 81/2008, annual medical examinations are carried out. Among the initiatives adopted there is a training course calendar on health and safety at work. On top of this, a trade health fund has been established for those workers employed in factories with the highest risk of accident.

Specific meeting with RSL and the workers are held every six months and have been intensified following the outbreak of the Covid 19 pandemic. The Company communicates with employees on health safety at work with the following tools:

- company bulletin board
- company e-mail
- Whatsapp groups

In the last year, following the spread of Covid 19 and Government provisions, the Company placed extreme caution and diligence by applying the protocols issued by the Ministry of Health or even anticipating them thanks to the information received in advance by the Chinese HQ. In addition to having insured all workers against Covid 19 since May 2020, the management has decided to offer employees to work from home. All people from the Corsico HQ have been equipped with a laptop, a VPN, a WFR modem and a data line. At the entrance of the Company's HQ, dedicated Triage procedures were established to evaluate the presence of Covid 19 symptoms and specific provisions were given for the use of common areas such as those of the canteen and beverage dispensing machines. Finally the Company took charge of the quick swabs for employees who came into contact with the virus and their family members.

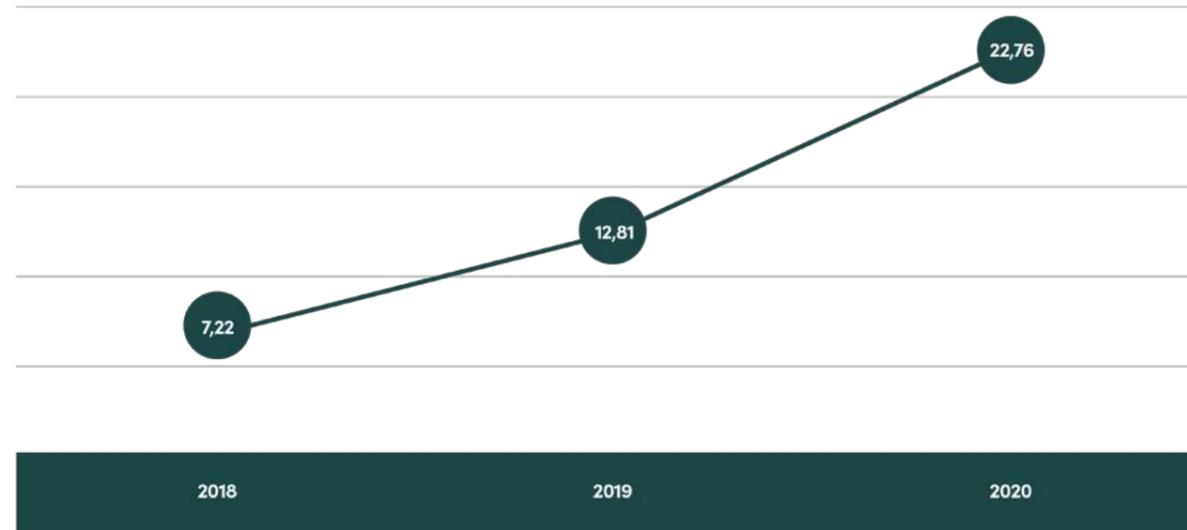
The following tables illustrate the main data and indicators related to accidents. The index of frequency during 2020 grew compared to the previous three years, however the severity index remains on low levels. No cases of occupational diseases have been detected.

Main accident statistics

	2018	2019	2020
Average number of employees			
Average number of workers	52	51	51
Average number of employees	31	29	29
Total accidents			
Workers' accidents	1	2	3
Office staffs' accidents	0	0	0
Days of injury	109	18	95



Injury frequency index



Injury severity index



Formazione e sviluppo competenze

Coronet has always paid a great attention to enhance its employees working skills. For this reason, the Company often organises training and refresher courses meant to increase employees skills and competencies by acting on team motivation. Here below the data related to training courses on occupational health and safety.

2020

Training courses on occupational health and safety (Cisterna factory)

	Duration hours	Participating Staff	Total hours
Course (high risk general fire fighting > Cisterna)	16	12	192
Course (emergency first aid – group A)	4	5	20
Course (general and high specific risk)	16	23	368
Course PLE	10	3	30
Course work at height	8	3	24
Forklift operators course	16	23	368
Course for electricians PEI, PES, PAV	8	1	8
Total hours			1.010



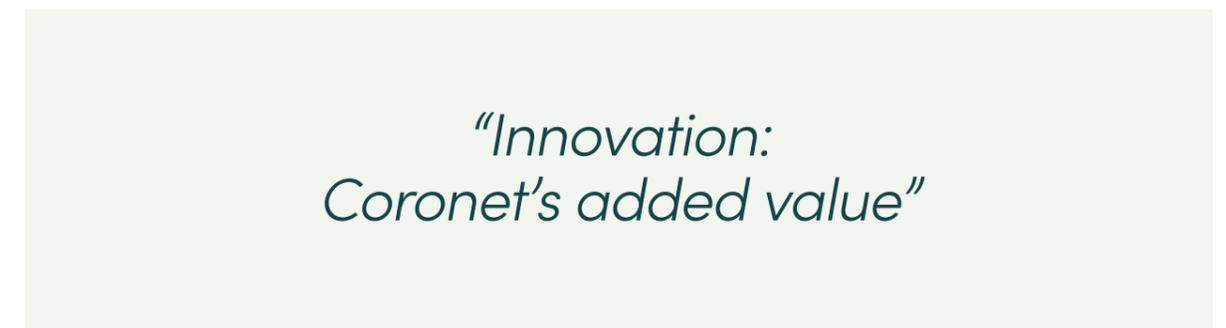
2020

Training Courses on work and health at work area (Velletri factory)

	Duration hours	Participating Staff	Total hours
Course (high risk general fire fighting > Velletri)	16	13	208
Course (emergency first aid – group A)	4	7	28
Course (general and high specific risk)	16	53	848
Course PLE	10	8	80
Course work at height	8	8	64
Forklift operators course	16	41	656
Course for electricians PEI, PES, PAV	8	3	24
Total hours			1.060

5.5 Innovation processes

Innovation is pursued by Coronet with an approach based on sustainability and focused on the following intervention areas : process and production, digitalization and R&D.



Process and Production

The Company already offers materials with a very low solvent content and one of its main goals is to develop a bio based and totally solvent free article. For this reason new technologies are under testing through the implementation of a specifically designed pilot plant machine that will allow to switch from industrial production to semi industrial one at the Cisterna HQ. This will happen at the beginning of 2022.

The Company pays a strong attention to safety and ergonomic spaces at the workplaces in order for all infrastructures to be accessible and in an adequate state of efficiency thus granting product and service conformities. The Company aims to improve the needs of its staff and working/safety condition at its plants.



Digitalization

A plan for production and production lines digitalization is envisaged at the Italian plants. Asia one will follow. The purpose is to connect all production lines to the same remote station and bar codes system.

This will increase the ability to monitor production quality and productivity. At the same time, any corrective action will be possible in faster times thus improving strategy effectiveness aimed at optimizing production and customer satisfaction.

R&D

R&D is the heart of the Company. It is thanks to the results of this department that the Company can count on a new production technology that will result in a brand new solvent free article. The purpose is to get a renewable raw material, with biological and natural components respecting the environment and the ecosystem. R&D focus is on renewable and recycled sources as well as on production efficiency.

The Company is investing on 4 different projects: one is addressed to the development of new collections (COLLEZIONE INNOVATIVA 2021) and 3 on production processes (non cytotoxic lining, barrel dyeable dry coating and extruder).

5.6 Coronet's commitment to the environment

Coronet's production process, for its features, generates environmental impacts in the consumption of raw materials, solvents, water, energy and waste produced. The Company, however, is fully aware of the commitment required to limit negative environmental impacts and puts sustainability at the centre of its strategic intentions. The Company is, in all three factories, ISO 14001 certified.

In 2014 two new range of sustainable products were launched: BioVeg and H2O, both characterized by a careful selection of raw materials and a reduced environmental impact compared to traditional ones. In production, the use of DMF (dimethylformamide) and water takes place in a close circuit that reduces, almost

completely, the dispersion of these substances. It is also worth mentioning the limited use of the most polluting fuels by replacing BTZ (thick oil with low sulfur content) with LNG (liquefied natural gas) at the Velletri plant, where we plan to connect it to methane network in 2024 as well as, in 2021, the transition from BTZ to methane at the Cisterna plant. This choice, together with the production of electricity through photovoltaic system and the presence of LED lighting at the different Company HQs contributes to reducing polluting emissions into the atmosphere.

Coronet's commitment will continue even in the future with the purpose of becoming a Company completely carbon neutral.

"Crafted by nature"



Productions respecting the environment

All Coronet products are manufactured in full compliance with the law. Two ranges stand out from the others for their innovation and sustainability features. All ranges are PETA (People for the ethical treatment of animals) certified. The "Peta Approved Vegan" represents a recognition to guarantee reality driven by strong

ethical values. The Company seeks raw materials of the highest quality that are GRS (global Recycle Standard) and FSC (Forest Stewardship Council) certified. Each supplier is required a copy of the certification batch along with any purchase of raw material.

Le linee BioVeg e H2O e gli impatti ambientali

The first eco friendly collection is called BioVeg and it is made with recycled PES (from plastic bottles), bio polyoils and textile backings of natural origin such as viscose, obtained from crops of no food and GMO free cereals. These "green souls" materials have the highest percentage of biomass available on the market and can be ennobled with any finish or grain. Some BioVeg articles have been subjected to a LCA assessment procedure (Life Cycle Assessment) which determines the environmental impact associated with individual articles production steps. They comply with the ISO 14040 and 14044 standards for the creation of materials made of bio plastic compounds produced from renewable resources (biobased).

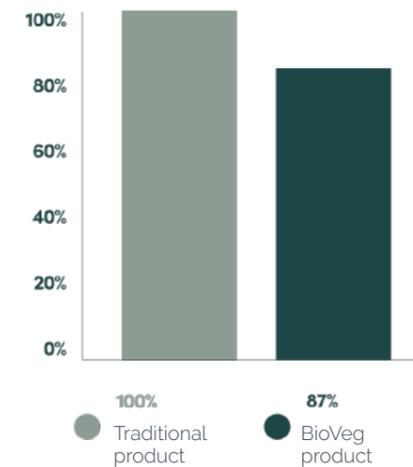
The LCA study analyzes the impact of raw

material, production and transport with a "from cradle to gate" approach (i.e. along the whole production process excluding the use phase and end of life scenario). Life Cycle Analysis was carried out on the three main categories of the BioVeg range and it ascertained that compared to a traditional product, it manages to emit 13% less of equivalent CO2, there is a reduction in the consumption of natural resources equal to 44% and it contributes 32% less to the thinning of the ozone hole.

The BioVeg range is USDA certified. This certification consists in a "Farm Bill" programme that is the main US instrument of agricultural policy and federal government able to promote the increase in trade and use of materials

produced starting from natural sources. It has been certified that 1 sqm of a BioVeg article allows the saving of 1 kilo of CO2 equivalent to a product made through raw materials of oil origin.

In the following representations we have highlighted the environmental advantages in the production of BioVeg articles in comparison to traditional ones.

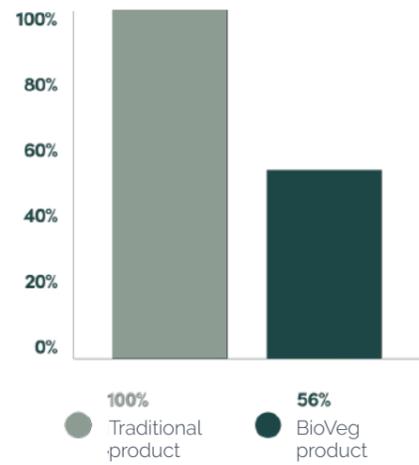


GLOBAL WARMING

For the impact category GWP Global Warming potential (contribution greenhouse effect) the analysis of the greenhouse gas emissions made by a production cycle using renewable (biobased) compounds compared to the use of fossil source compounds allows a reduction of CO2 emissions of approx 1 kilo equivalent per sqm less than a standard synthetic article.

-13%

CO2 emitted into the atmosphere with BioVeg

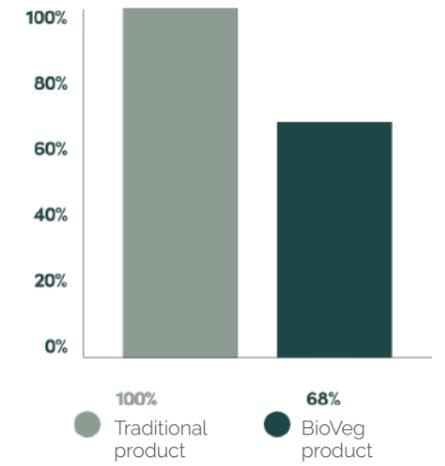


USE OF NATURAL RESOURCES

BioVeg products are also better in terms of potential exhaustion of abiotic resources (ADP) an environmental impact category which measures the extraction of primary resources such as minerals, metals and fossil fuels. The analysis shows better consumption of non renewable resources performances with a reduction of 20% approx, respectively, in terms of fossil fuels and 10% of minerals used for the extraction of raw materials and for production processes.

OZONE LAYER

The emissions that contribute to the reduction of the atmospheric ozone layer are reduced by 32%.



Thinning of the ozone layer with BioVeg

-32%

-44%

Natural resources used with BioVeg

The comparison between the impacts deriving from the production of a metre of BioVeg material compared to the tanned skin (collecting standard impacts from public libraries) highlighted minor environmental impacts. In particular, for the climate change category (Global Warming in ILCD 2018) acidification of aquatic environments, eutrophication and the use of natural resources. It is evident that raw material supply which

originates from animals breeding is one of the main sources of the environmental negative performances. Finally, the tanning process is strongly linked to the use of chemicals. The second product range with a low environmental impact is H₂O: materials designed for the production of footwear and clothing without the use of any kind of chemical solvent but innovative water based resins and microfibre only.



The use of solvents

The production process of the the ranges made by Coronet is based on the use and recovery of DMF solvent and water. The Company uses a close production cycle for DMF through the re-circle of the solvent employed. A solvent felling process is used to recover it wih water that will then be sent, through a closed system, to a distillation tower thus guaranteeing a 99% recovery of liquids that

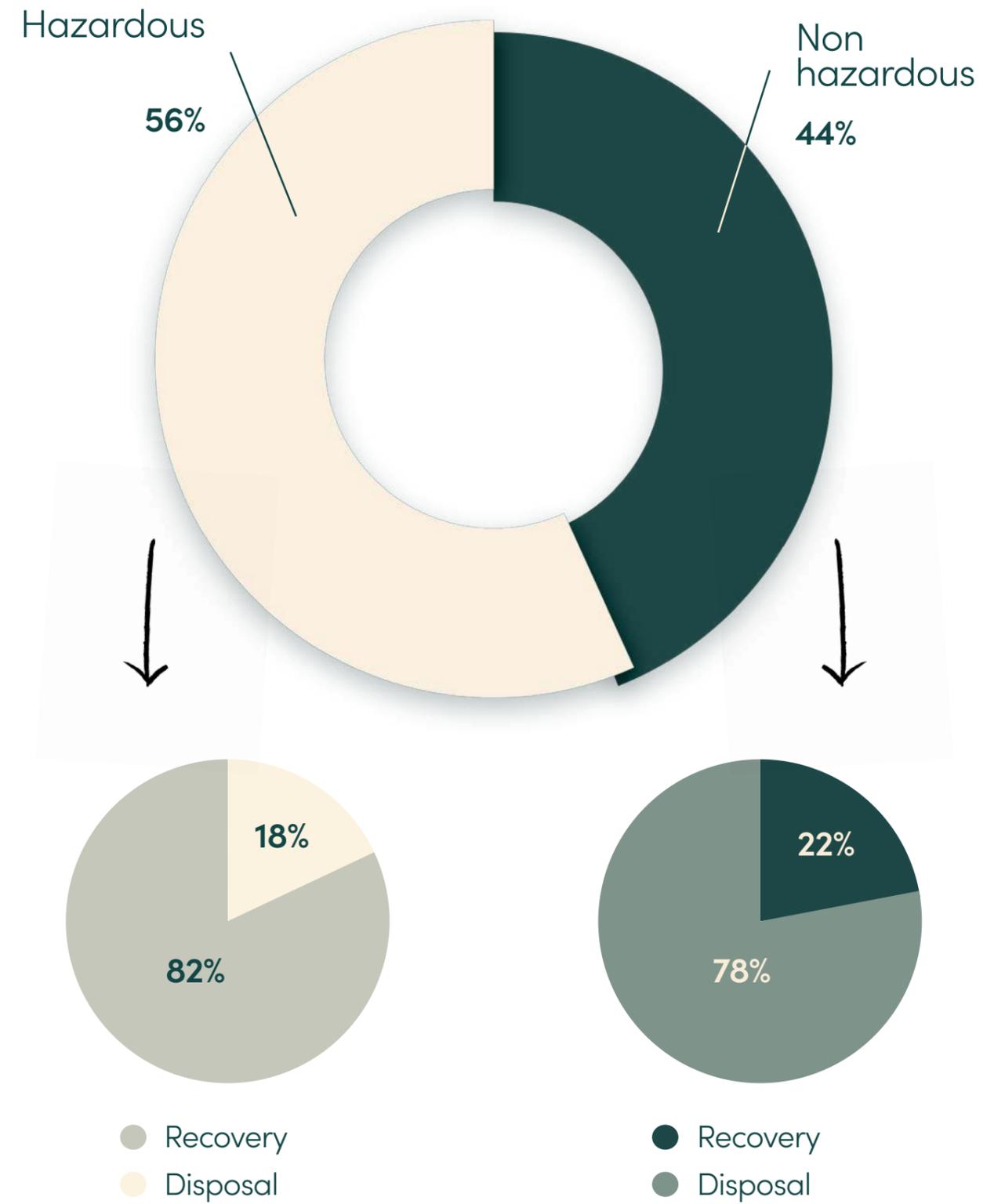
are subsequently reintroduced in the production process. Coronet, to further optimise and reduce its environmental impact, has installed a press filter to intercept the residual solid part from solvents and water before the passage pipe to the distillation process in accordance with the law.

The waste cycle

All waste produced by the Company are disposed in compliance with the laws and industry standards. The Company allocates 60% of waste produced to external thermo enhancers with consequent recovery of thermal energy. The remaining 40% of the waste is disposed in an authorized landfill.

During 2020 the waste production slightly increased to 373.825 kilos compared to 2019 when it was 349.392 kilos. The graphs below show that waste is mainly of a non hazardous type (55% with 82% intended for recovery).

WASTE COMPOSITION (KG)	2018	2019	2020
Hazardous	181.860	140.192	163.682
Non hazardous	181.135	209.200	210.143
Total	362.995	349.392	373.825





Energy and emissions

Coronet production chain uses electricity, liquefied natural gas, network natural gas, petrol and diesel. Electricity is used to run machinery and systems while other sources are used to achieve process temperatures in some production phases and in work environments, gasoline is used for handling vans and traction units. In this respect, the interventions carried out were several:



01 Electricity production through photovoltaic systems that led to a total annual saving of 1.023.990 kilos of CO2 emissions in the atmosphere

02 Implementation of low energy absorption LED bulbs for a total area of 60.000 sqm

03 Transition from the use of non renewable BTZ fuels to GNL and natural gas

Efficiency in the use of electricity is an extremely important subject for Coronet in terms of generated environmental impacts reduction. In recent years, the Company has invested on the self production of electricity through photovoltaic systems, this production is partially used internally and partially restored in the network. Some of it is then bought by local and national energy suppliers to allow our production sites, that work on shifts, the full coverage of energy requirements. Self production of energy covers a

requirement between 35% and 45% of the total. At present, the energy purchased does not come from renewable resources; the Company goal is to increase the share of green energy purchased over the coming years.

All three Coronet factories are LED lighting plants. Thanks to these consistent investments, in 2020 the energy savings reached 144.700 kWh with a reduction in consumption of 49.71%.

Production of photovoltaic energy

	2018	2019	2020
kWh products	1.245.538,2 kWh	1.212.626,6 kWh	1.324.259,5 kWh
kWh sold	396.928 kWh	370.891 kWh	401.656 * kWh

*The energy sold in 2020 does not take into account 3 months of production not yet visible in the GSE portal and therefore not billed yet

Coronet has always paid a great attention in the choice of fuels used in energy production. In recent years, at the Velletri plant, it has been decided to replace the fuel from BTZ to GNL thus

implementing a sustainable choice with a clear improvement on Nox (nitrogen oxides) and fine particles. The goal by 2021 is to replace at the Latina factory BTZ by methane gas.



The energy sources used are diesel which is mainly used for company vehicles. In addition, petrol, LNG and BTZ are also used with a clear consumption trend reduction.

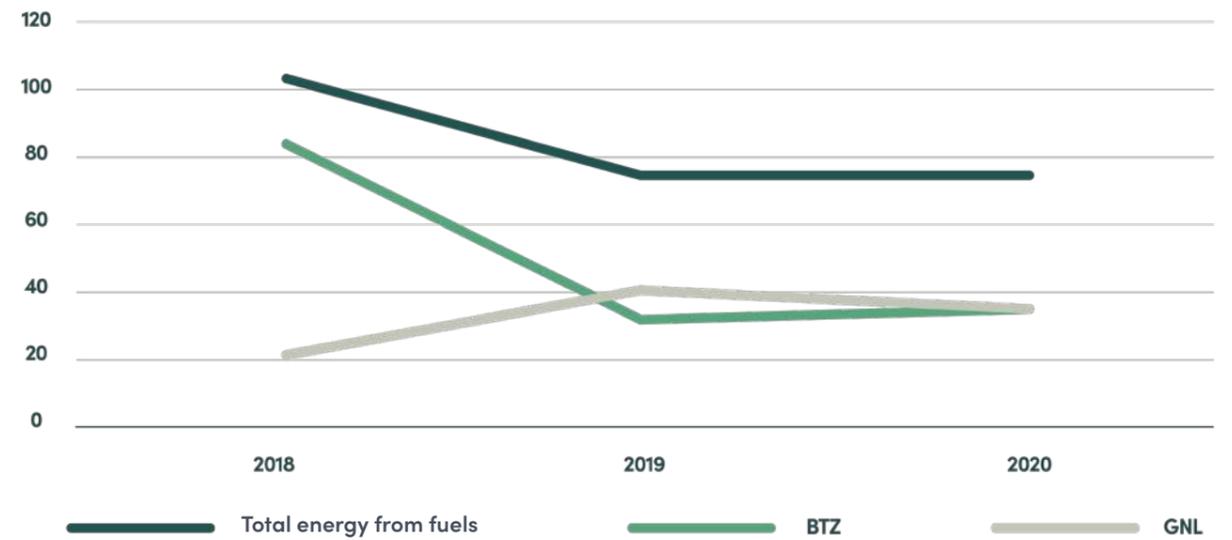
Energy Budget *

SOURCE OR ENERGETIC VECTOR	UNITY	2018		2019		2020	
		QUANTITY	T CO2 EQ.	QUANTITY	T CO2 EQ.	QUANTITY	T CO2 EQ.
Diesel fuel tractor	Litri	5.300	0,42	4.300	0,34	5.800	0,46
Diesel fuel van	Litri	1.980	0,16	2.050	0,16	1.620	0,13
Petrol	Litri	1.300	0,11	1.300	0,11	1.300	0,11
LNG natural gas	Ton	445,359	20,45	879,059	40,87	795,484	36,53
BTZ oil fuel	Ton	1.086,71	82	428,040	32,30	485,560	36,64
Total energy from non renewable fuels			82,64		32,91		37,33
Total energy from fuels			103,13		73,77		73,86
Non renewable electricity from power supply	kWh	3.329.956	1331,98	3.249.089	1299,64	3.134.520	1253,81
Photovoltaic Electricity produced on site	kWh	1.245.538		1.212.627		1.324.259	
Total electricity	kWh	4.575.494	1331,98	4.461.716	1299,64	4.458.779	1253,81
Total t CO2Eq.			1435,12		1373,41		1327,67

*For the calculation of the equivalent CO2, conversion rates provided by ISPRA were used

The data in the table show a consistent decrease in the use of energy deriving from non renewable fuels with a consequent decrease also in CO2 equivalent emitted by Coronet.

BTZ and LNG consumption trends



Water consumption and water discharge

The water resource withdrawn by Coronet is mainly used for cooling the production plants as well as to power employees' civil use.

As for the supply, the water resource is taken directly from the wells owned by the Company (two in Velletri and one in Cisterna). The water runs afterwards through special cooling systems and is then sent back to the wells without organoleptic

or biological impacts.

The Company has an authorization to demineralize the water taken through a plant that employs osmosis technology. The water withdrawn from the well, considering the overall decline in production recorded in 2020, is 16% down compared to 2019.



Water withdrawals from the well

	2018	2019	2020
m ³ of water	105.926	105.481	88.621
Variations (%)		-0,42%	-15,98%
m ³ of water withdrawn / m ² of leather	0,027	0,038	0,040

5.7 Relations with the territory

The Company is committed to developing a strategy aimed at cultivating relations with the territory and with the community. To date, the Company is active in some "Pro Bono" initiatives such as donations to Unicef and the Red Cross which will be renewed and upgraded in the future. In order to implement a solid relationship with stakeholders and promoting

the enhancement of a collective interest, the Company is evaluating the opportunity to change its legal form by acquiring the name of "Benefit Company" and subsequently to acquire the "B Corp" Certification. Coronet could thus become officially an organization that, in addition to profit goal, helps to maximize the positive impact on society, people and the environment.

"Care for the environment"



6 Goals for the future

Strategies for sustainable development as a priority



Coronet intends to continue investing consistent resources to increase Company sustainability, especially in projects related to the improvement of environmental impacts. For 2022 and future years, the Company intends to pursue the objectives described in the table below.



7 Methodological note

This first sustainability report is the tool through which Coronet undertakes a reporting path to provide stakeholders a clear representation of social and environmental performances in addition to its ability to generate value for the territory.

This reporting practice is meant to recur in the coming years with the aim of improving contents and adapting them to Italian and international guidelines.

The topics on which the reporting of this edition's document have been identified are based on several initiatives: confrontations with Board of Directors and Company's main contacts, Company file analysis and press articles.

The information contained in this report refers to the activities carried out from January till December 2020 by Coronet SpA in Italy, unless otherwise specified.

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DATA UPDATE

December 31st, 2020

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