

Zoppas Industries

SUSTAINABILITY
REPORT
2020

PEOPLE, SUSTAINABILITY FOR THE FUTURE, TOGETHER

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SIPA



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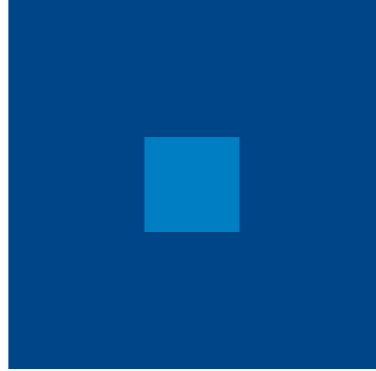
INTRODUCTION

The Zoppas Industries Group possesses a great vision in the way of being a business: it gives voice to the people. **People who, together, participate in creating a future of sustainability and wellbeing.**

The Zoppas Industries Group, with its 2020 Sustainability Report, wants all its stakeholders to be aware of its commitment to these themes: the process undertaken and expected to spread over many years, with its roots planted in 2019, has led to the development of a significant organisational project that listens, gathers and processes data, ideas and contributions from all those who are helping to shape and give structure to the **natural push toward innovation** and **sustainable development** that has always characterised the “Zoppas lifestyle”.

And this is just the message that we want to convey with our Sustainability Report, **dedicated to People and to our future on the planet.**

We are Zoppas Industries Group



Human Resources and their importance in the framework of sustainability in the Zoppas Group have always been a fundamental consideration: in every country in which it operates, the Group is very careful to **improve the general conditions of its employees, managers and collaborators.** Security has always been a dogma for the Group, since its foundation. The valorisation of human capital in a multinational environment requires working on many levels - often in highly diversified contexts - through the involvement and assiduous labour of team building, and a logic of growth and development of skills and capital of knowledge.

In the year of COVID-19, the Group concerned itself first and foremost with the health of the personnel, equipping all its premises from the outset with the necessary systems of protection and the tools necessary to organise work, according to the concept of smart working both in the plants and remotely. The organisation of remote work was not only the company's choice but was also the result of compliance with the safety regulations, and was managed in a view of shared activity, while trying to guarantee the serenity of all the personnel, despite the very difficult conditions of the worldwide pandemic.

Other initiatives concerned personal development, attention to the professional growth of individuals, the effort to create an environment that was both comfortable and stimulating. The Group pursues these actions in a structured and organic manner.

The R&D and New Product Development areas work to give continuity to the Group, projecting it already today into what will be its future, and maintaining the route already plotted for sustainable innovation. This approach has enabled the Group **to keep its staff in spite of the health emergency and to impress a strong impetus toward growth starting right from the end of the first lockdown, ENSURING THE COMPANY'S FUTURE.**

In this 2020 Sustainability Report, the Group maintains its commitment to publish annually; the reference period is the calendar year 2020 for all the tables and data contained in the report.

From the 2019 Sustainability Report (published in June 2020), taking account of the ongoing COVID-19 period, **no significant changes have taken place relative to the perimeter of the organisation**, at the sites included in the Report, with regard to data, material themes or with regard to the accounting period, which remains the calendar year from January to December. For the year 2020, in fact, the group has chosen to report its data comparable in continuity with the preceding 2019 report.

The Zoppas Industries Group is registered with the business name IRCA, based at no. 3 via Caduti del Lavoro, 31029 Vittorio Veneto (TV).

The accounting period of the Report extends to:

ZIHET (Zoppas Industries Heating Element Technologies)

- Zoppas Industries Italia – I.R.C.A. S.p.A.
- Zoppas Industries Romania S.R.L.
- Zoppas Industries Serbia doo
- Zoppas Industries Hangzhou (Cina) Ltd
- Zoppas Industries de Mexico, S.A.

SIPA S.p.a

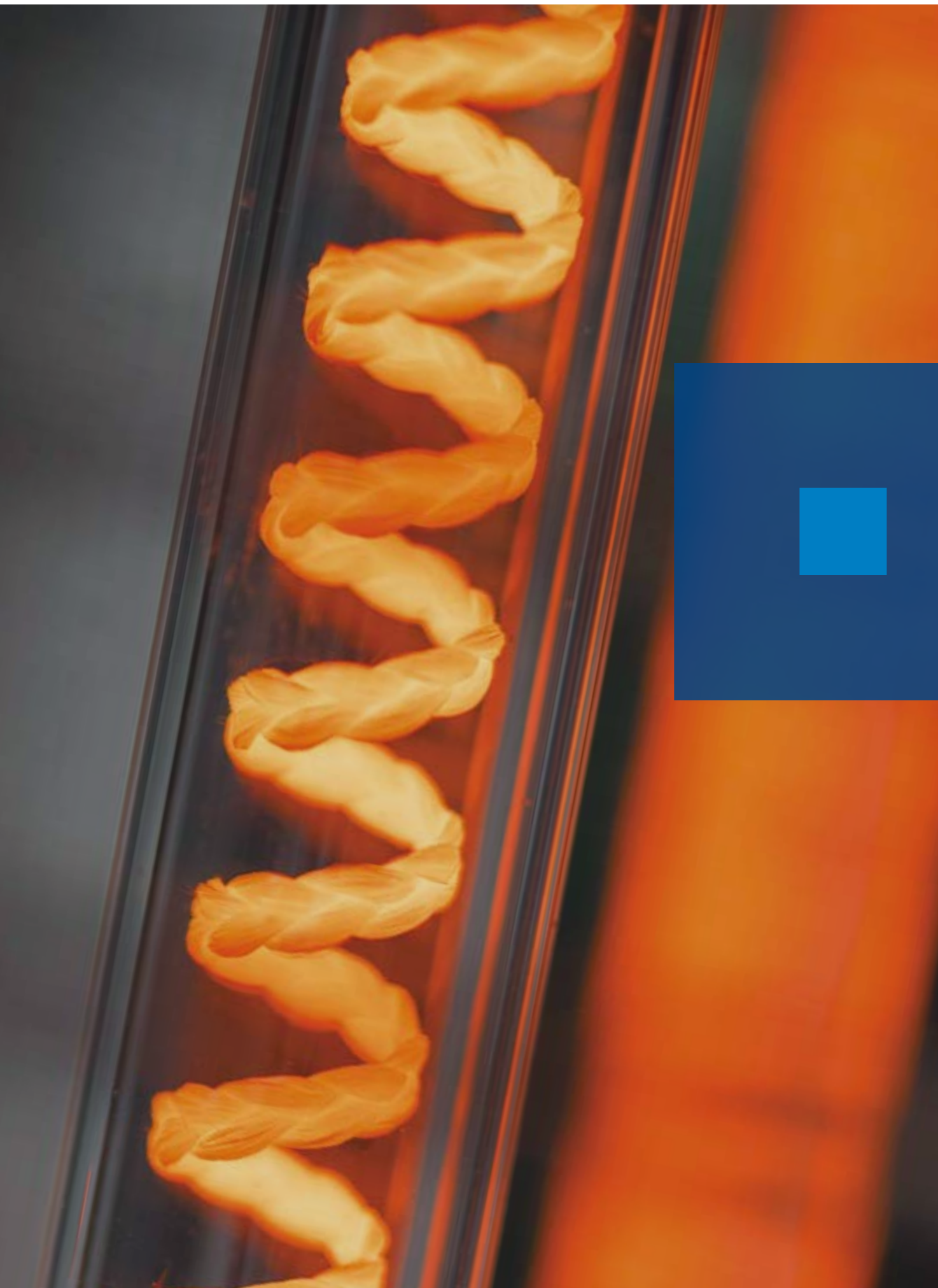
The details for each company will be found in the report.

To request information about the content of the Sustainability Report, please contact:

ZIHET: marketing@zoppas.com

SIPA: marketing.sipa@zoppas.com





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METHODOLOGICAL NOTE

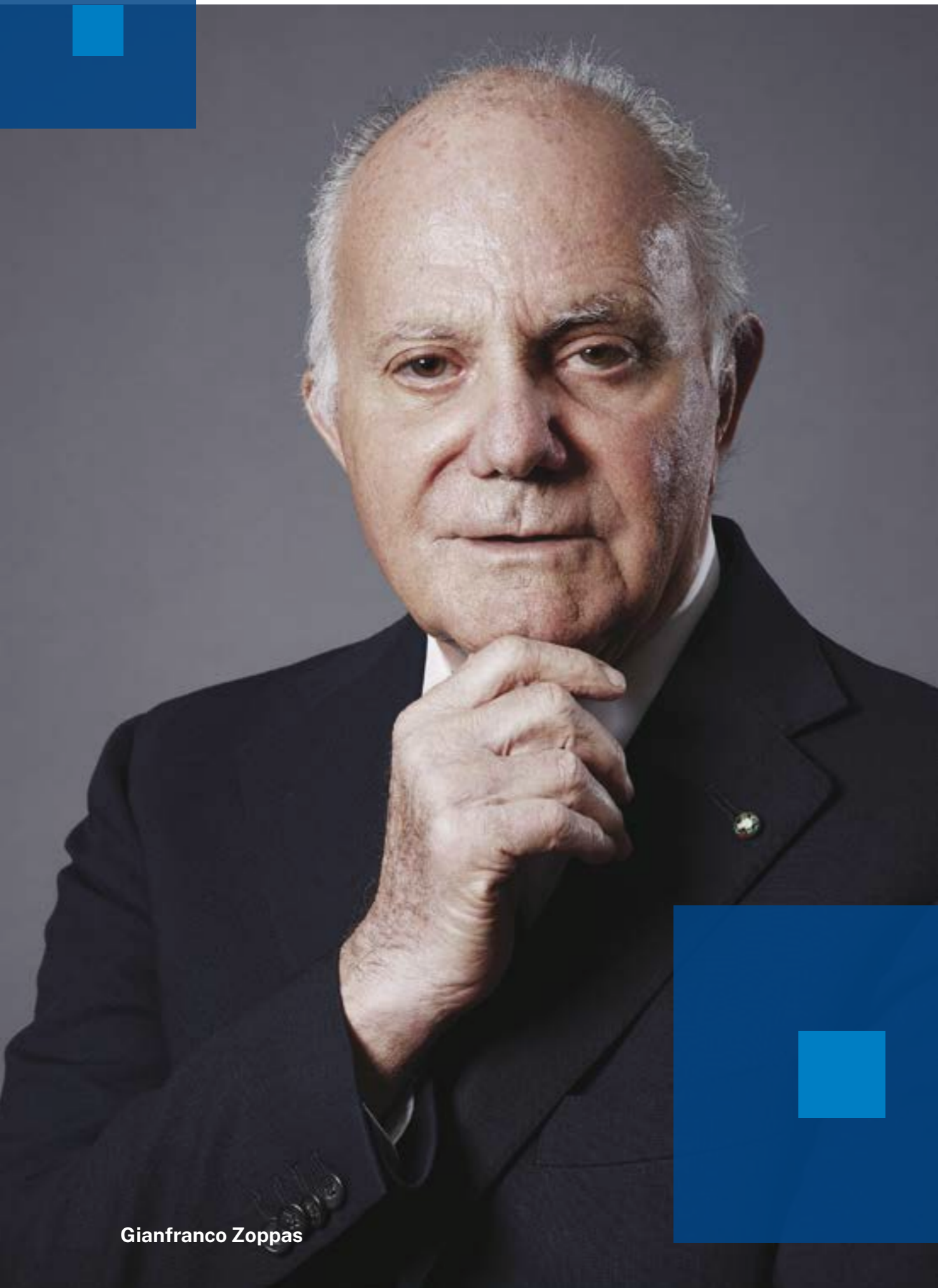
The Zoppas Industries Group, with its companies ZIHET and SIPA, is a company not quoted on the stock exchange and therefore not subject to the obligation of the Non-Financial Declaration. Nevertheless, **the will of the Group is to report in any case to its stakeholders on the results of its efforts to improve.**

This 2020 Sustainability Report was prepared taking as a technical and methodological reference the GRI-REFERENCED option of the guidelines of the “GRI - Global Reporting Initiative” 2016 (GRI Standard) integrated with the “2030 SDGs- Sustainable Development Goals”, which are the Sustainable Development Goals of the United Nations’ 2030 Agenda. In the index, it is possible to consult the correspondence between the chapters, the GRI information and the 2030 SDG Objectives.

This Sustainability Report does not make provision for third party assurance auditing. The traceability and correctness of the data used are guaranteed as well as the performance data reported.

The description of the approach to every material theme is presented in the individual chapters, considering the perimeter and methods of management; **the effectiveness and results achieved are reported in chapter 12 devoted to the goals PROOF OF COMMITMENT.**

This 2020 edition is the second, available on the website of Zoppas Industries Heating Element Technologies S.p.A. and on the website of SIPA S.p.A.



Gianfranco Zoppas

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LETTER FROM THE CHAIRMAN

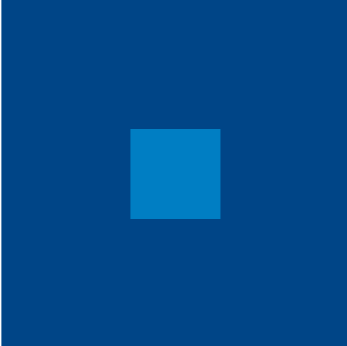
In this report, we want to address how Zoppas Industries Group, SIPA and ZIHET, is working on **sustainability, which represents a common value for both divisions.**

They both believe in the importance of innovation, as well as in the crucial role of R&D and the ESG matters. The two companies also aim to **a shift in the mindset, which leads to circular economy and improved service.** We are already implementing a sustainable production and carrying out a responsible governance and customers can see it from our products.

2020 was a terrible year for everyone in the whole world, which brought great uncertainty and inconceivable issues in our social and economic life. Nevertheless, the Group was brave, kept its high standards, and performed well in many areas.

During these hard times, **the Group has reaffirmed its commitment in guaranteeing the health and safety of its employees.** For us, ensuring to the families an adequate economic support and enhancing the Company bonds within the community was essential. For Zoppas Industries Group, sustainability also means social commitment, creativity, responsibility and ethics. All this benefits our employees and end-users in terms of growth, quality of life and environmental safeguard.

The chore of our 2020 Sustainability Report is People: thanks to them, we translate our vision into action, achieving results, aiming for growth, reducing emissions and impacts. The Report represents the second



step of a process started in 2019 that set targets for 2024 and on, for an unlimited future. Still, these values have always been part of our company culture: our commitment is not just towards the Group, but includes all the stakeholders, the community and the environment. In fact, we also share the principles and targets set in the United Nation 2030 agenda for Sustainable Development.

Despite the difficult time we are in, we can still see the big picture and learn the lesson. We need to be ready for the next challenges and be confident in pursuing our goals.

Zoppas Industries Group stands and evolves with people, contributes to the social and economic improvement and to the environmental safeguard.

We work to create a better future.

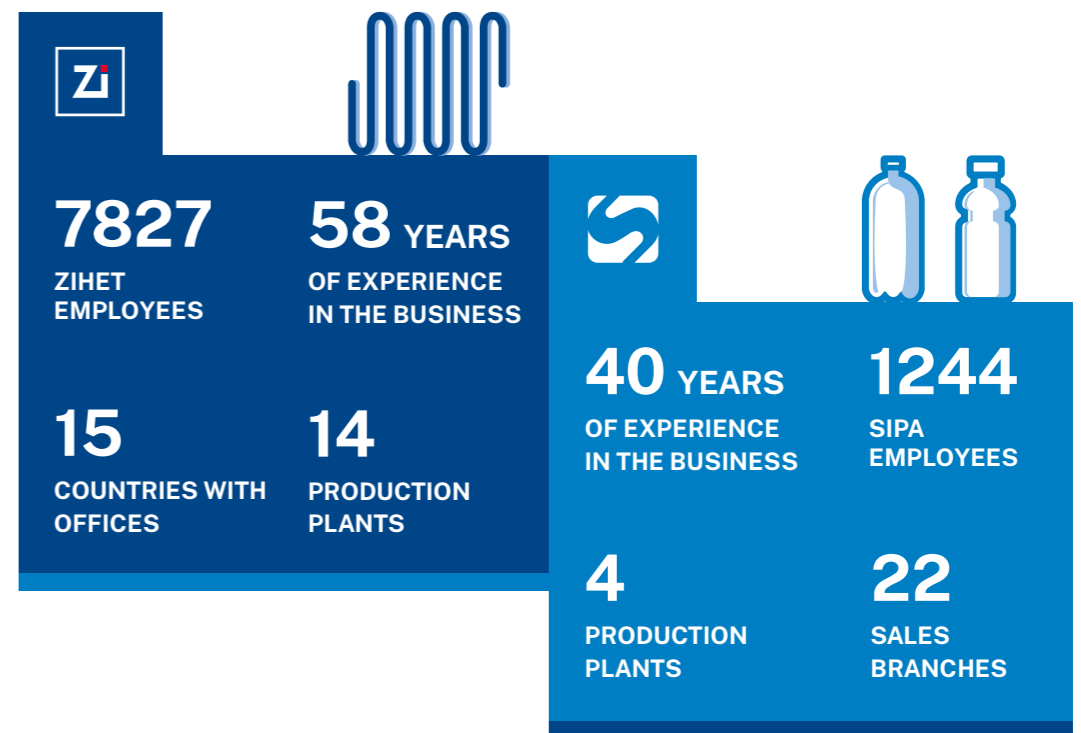
Gianfranco Zoppas
Cavaliere del Lavoro





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ZOPPAS INDUSTRIES GROUP

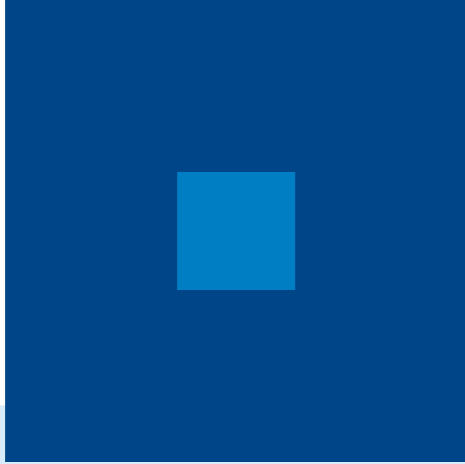


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The Group has always been guided by ideals close to the concepts of sustainability, even before these became so vitally important worldwide.

Innovation and sustainability are cornerstones of the Zoppas Industries Group, common to the two main companies in the Group - in the sectors of heating systems (ZIHET) and PET production systems (SIPA) - forming two histories, two business models and two examples of development and industrial culture that have contributed to make our country a leader at the global level. **The moral imperative of the Group is the continuous challenge to our limits in search of excellent results.**

The Group has succeeded in transforming itself constantly over the years, demonstrating extraordinary resilience that has made it what it is today and what it can be in the future, on the basis of a history of commitment, innovation and determination.



ZIHET AND SIPA, THE TWO ENGINES OF THE GROUP

Zoppas Industries (IRCA S.p.A. Industria Resistenze Corazzate e Affini) is an Italian company based in Vittorio Veneto, in the province of Treviso, which produces **electrical heating systems and installations, as well as machinery for the food industry.**

The Group has always encouraged innovation, and all its efforts are focused on making the home environment more comfortable, as we shall describe hereafter.

The Zoppas Industries Group consists of two highly functional, but different, engines:

■ ZIHET

leader in the production
of heating systems

■ SIPA

specialised in PET
packaging solutions


Both companies are
established worldwide
and are leaders on their
respective markets and
references for innovation
and attention to the
environment.

ZIHET ZOPPAS INDUSTRIES HEATING ELEMENT TECHNOLOGIES

Based in Italy at Vittorio Veneto (TV), the company **has 14 production plants worldwide** (four in Italy, two in Mexico, one in Germany, one in France, one in Switzerland, one in Romania, one in Serbia, one in China, one in Russia and one in the U.S.), with **4 sales branches** (UK, Finland, Turkey, Brazil) and **4 associated offices** in Romania, Serbia, China and Mexico.

Its numbers are:

 **58** years of experience in the business of heating systems and ad hoc solutions for our partners

 **7827** Employees of the group

 **14** Owned production plants

 **11** Countries with production sites

15 Countries with offices

58 years towards sustainability. Since the very beginning, Zoppas Industries (ZI) Heating Element Technologies has attached great importance to developing sustainable solutions and initiatives for the benefit of humankind and the environment.

It was in San Vendemiano (Treviso), Italy, in 1963 that Luigi Zoppas— founder of Zoppas Industries Heating Element Technologies under the name of IRCA (Industria Resistenze Corazzate e Affini S.p.A.) — designed and built parts per gas cookers, taps, sheathed heating elements and also engaged in the construction and repair of the dies.

At the outset the company only had about 100 employees, and operated as a sort of sub-supplier of parts for the noted household appliance manufacturer Zoppas based in Conegliano.

The company expanded and has since become **one of the world's leading providers of heating system solutions**. Between 1964 and 1970 IRCA directed its business at achieving leadership on the promising post-war Italian market and success in Europe, especially in applications for the household appliance industry. Zoppas Industries Heating Element Technologies imported the know-how from the United States for producing defrosting elements, aimed at the rapidly growing refrigeration market. The key to success was the introduction of an innovative steel sheathed tubular heating element, which soon proved its reliability and replaced the previous copper technology in the washing business. In 1970 Zoppas Industries Heating Element Technologies extended its range of products for the European market and set up a number of specialist production units: from producing electrical heating elements and systems for the small household appliance and refrigeration industries to the design and manufacturing of heating elements for the industrial market (cartridges, sheathed tubular heating elements and bands).

The commitment to a responsible business ethos was clearly demonstrated since the beginning. Over the years, social responsibility has also been expressed through activities such as support of local communities, in different countries. The launch of several projects around the world marks the start of an even more ambitious chapter in ZIHET's drive to deepen and expand its positive contribution to the society.

Thanks to the experience it has accumulated, and to its constant innovation, ZIHET is now able to satisfy any demand in the development and production of heating system solutions complete with electronic controls. The technologies that enable the company to develop systems (such as steam generators, heat exchangers and boilers) are the tubular heating elements, in bundles, in cartridges, in bare wire, in flexible sheets, in heating cables and microtubules, as well as temperature sensors.

ZIHET's values can be expressed as follows:



Vision:

“We want to be recognised as the strategic partner for our clients, being a critical player in their value chain, supporting them to define the optimal heating solutions.”

Mission:

“Provide smart heating solutions contributing to the foundations for a sustainable living environment.”



CONTRIBUTING TO THE SUSTAINABLE LIVING GLOBALLY

Thanks to our continuous, innovative and technological progress, we aim to contribute to sustainable living globally, through the production and sale of smart heating solutions, in a responsible and eco-friendly way.



SUSTAINABILITY IS AT THE HEART OF ZIHET'S ENTIRE VALUE CHAIN

It has been our mission since our foundation some 58 years ago. In active collaboration with our customers, suppliers, and other partners, we are constantly striving to find new, innovative and sustainable solutions by introducing new technologies and business models.



CARING FOR OUR OWN AND FUTURE GENERATIONS

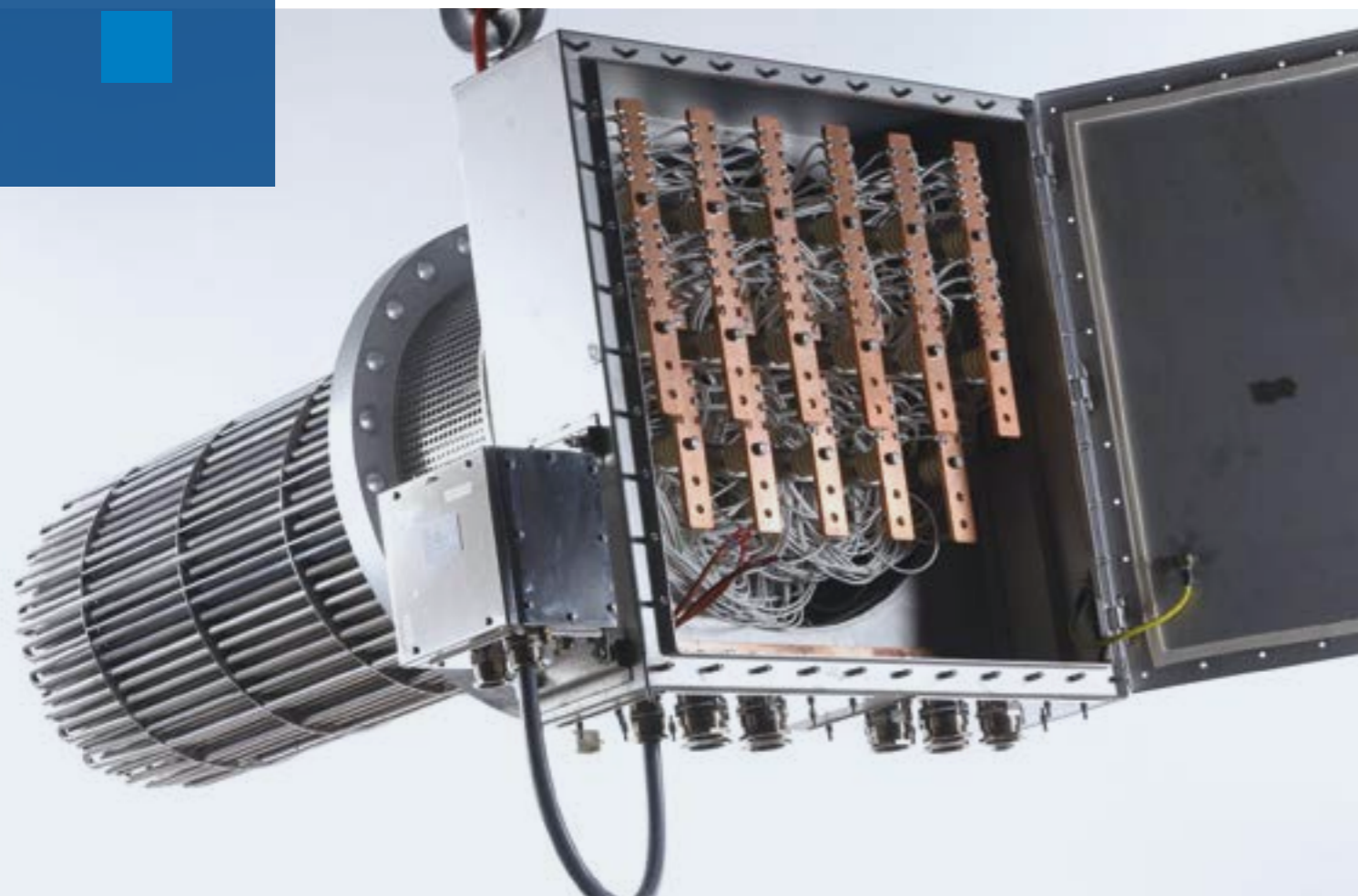
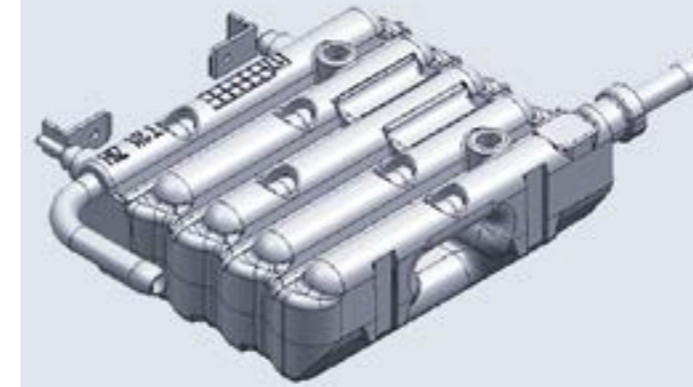
Making the quality of life better for our own and future generations is the scope of our work.



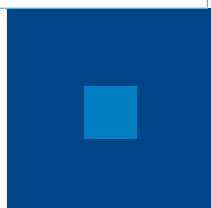
CUSTOMER CENTRICITY

It is our corporate culture, strategy, and philosophy in one: defining the value chain as beginning with the customer. The expectations, needs, and wishes of the customer form the starting point of marketing and sales campaigns. Constantly looking for new ways to improve and progress, we are well on the way to achieving our targets.

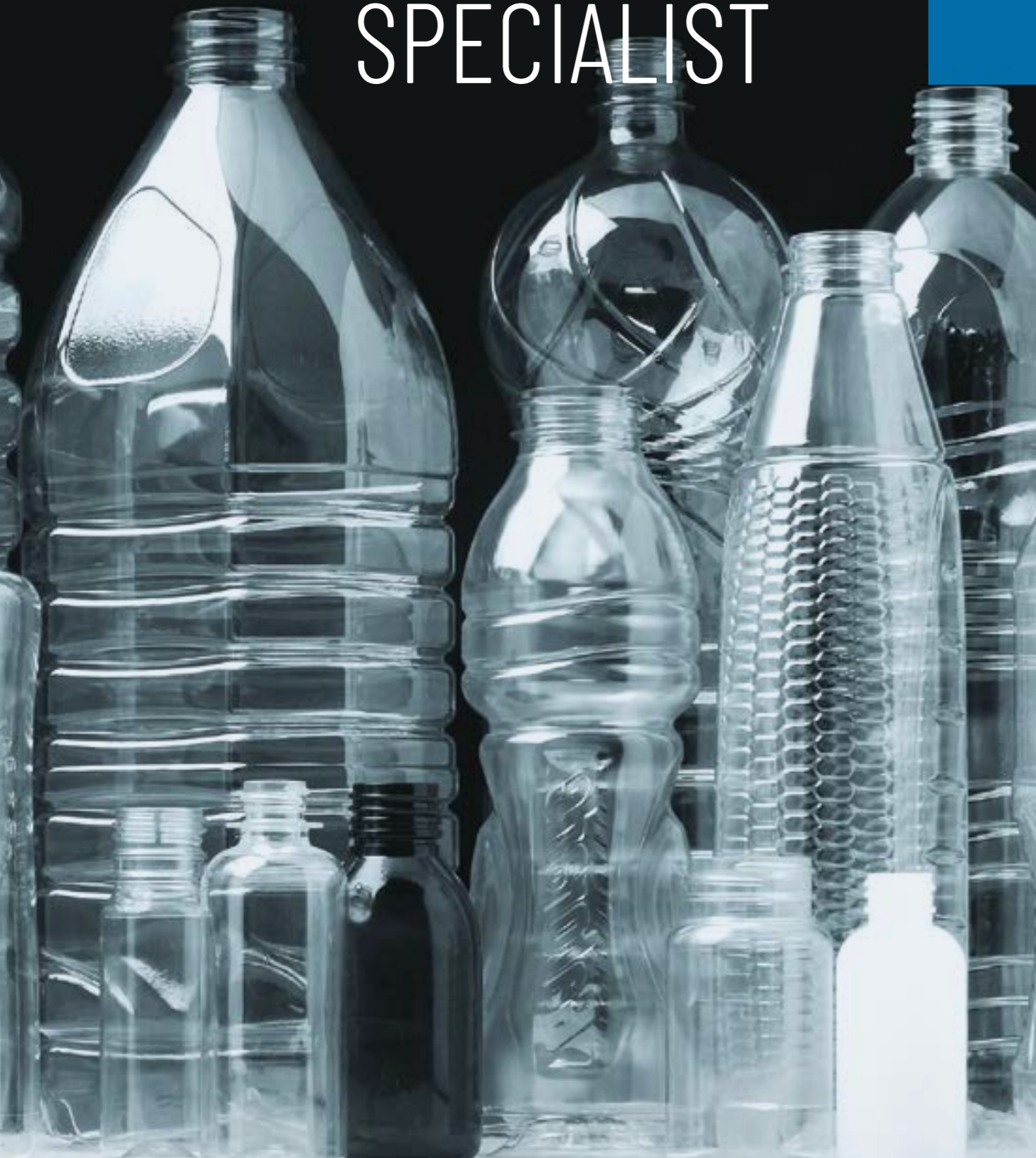
REFRIGERATION & HOME APPLIANCES	FOOD SERVICE, COFFEE, LAUNDRY, WELLNESS	DOMESTIC HEATING, AIR CONDITIONING & PLASTICS	PROCESS HEATING
<ul style="list-style-type: none"> Heating elements and operational assemblies for: truck and container cooler units, ceiling unit coolers for industrial and commercial buildings, refrigerated counters and cupboards for retail sales and restaurants, and no-frost domestic fridges 	<ul style="list-style-type: none"> Highly reliable heating elements and complete operational kits, for the use in all cooking appliances, food distribution equipment and dishwashers; solutions dedicated to the electric heating of equipment and accessories used in processing, cooking and preserving bread, confectionery and pizza; wide range of materials for professional coffee makers and vending machines; solutions for the electric heating of industrial, professional and household washing equipment; wide range of equipment for wellness and beauty treatments for the face and body: saunas, steam baths, whirlpool systems and tubs, health spas, showers and cabins, hair dryers, face treatments, aerosol, sunbeds and waterbeds 	<ul style="list-style-type: none"> Heating elements and hi-tech heat regulation systems, for domestic heating appliance OEMs – meeting the requirements for home heating to water heating, including instantaneous showers; heating solutions for air conditioning equipment, such as air curtains, air treatment units, chillers, humidifiers, precision systems, widely used in all areas where space heating is required – including offices / factories / schools / hospitals / homes and public transport; heaters are applied into tools and devices intended for the plastic poulding, packaging, metal forming, medical industries 	<ul style="list-style-type: none"> Industrial process heaters



MACHINERY & ENERGY	TRANSPORTATION & MOBILITY	AUTOMOTIVE	AEROSPACE, MEDICAL, DEFENCE
<ul style="list-style-type: none"> Heating elements and functional kits for many varied industrial markets, including – packaging systems to asphalting machines and equipment, from elevators to woodworking machinery; wide array of application requirements including energy generation, including renewables, and distribution system 	<ul style="list-style-type: none"> Heating elements and functional kits for railway and marine markets 	<ul style="list-style-type: none"> Products for heating and temperature maintenance in applications for cars, caravans, motor caravans, trucks and special vehicles as well as car service equipment 	<ul style="list-style-type: none"> Heating technologies for applications in the fields of aeronautics, aerospace and telecommunications; technologically advanced heating systems for medical equipment and laboratory apparatus; thermal technologies for dental sterilization, disinfection, incubation and cleaning equipment; heating applications in the military and security sectors




SIPA, THE PET SPECIALIST




The headquarters of the company are in Vittorio Veneto, in the Treviso province of northern Italy. **The company has 22 sales branches, 4 production plants (two in Italy, one in Romania and one in China) and 35 after-sales service centres for the supply of spare parts and technical assistance.** SIPA also offers a reconditioning service for injection moulds in 7 locations worldwide: Italy, China, Japan, South Korea, Mexico, Brazil and the U.S.

Its numbers are:

 **4** SIPA production plants.

Over  **7000** systems installed in **147** countries

and over  **2600** clients worldwide.

 **1244** employees, of which **766** are in Italy.

 **22** Sales branches.  **35** After-sales service centres in the world.

SIPA, founded in 1980, as an engineering company to provide integrated systems for flexible automation, has considerable experience as an integrator of processes and technologies, and is able to offer unique, customised solutions on the market. One of the most interesting examples is Xtreme Renew, which provides for integration between a system for recycling PET and a preform production system, so as to obtain preforms with a content of 100% of recycled PET starting from flakes of bottles, in a single cycle. Xtreme Renew can also be connected to a blower and filler so as to further optimise space and consumption.

SIPA supplies technological solutions and after-sales service for a wide range of **PET packaging systems** for the food and beverage industries, detergents, cosmetics, chemical and pharmaceutical products.

The range of products includes machines for the production of preforms, as well as systems for the production of containers with single-stage and two-stage technologies (rotary and linear blowers), monoblock filling systems, product preparation systems, a complete range of robotics and palletising solutions, up to engineering complete bottling lines. SIPA also produces injection and blowing moulds for preforms and blowers, and can offer its clients various services of bottle design, computerised simulation and container prototyping.

CONTAINER DEVELOPMENT	TOOLING & MOULDS	PRODUCTION OF PREFORMS AND CONTAINERS	COMPLETE LINES
<ul style="list-style-type: none"> • Preform design • Container design • Prototyping • Quality laboratory • Innovation 	<ul style="list-style-type: none"> • Injection moulds • Blowing moulds • Overhaul, refurbishment, conversion 	<ul style="list-style-type: none"> • Preforms • Containers 	<ul style="list-style-type: none"> • Mineral water • Soft drinks • Juices, tea, isotonic beverages • Edible oil • Milk-based products • Alcoholic beverages • Food products • Detergents and personal care products

Leader in respect of the principles of the Circular Economy

SIPA specialists are experts in sustainability, designing with the view of **reducing resin consumption, power use and CO₂ emissions, in defence of the environment**. Moreover, in their sector they are among the pioneers of the “circular” approach: they develop and rethink new technologies capable of giving new life to **second-hand resources** in order to return them to the system. With their extended vision, they combine environmental sustainability with economic development to give the future generations a better world.

SIPA’s values can be expressed as follows:

Vision:

“Providing **SUSTAINABLE** packaging solutions”, designing and producing systems that greatly reduce consumption of resins and energy. Creativity and innovation: the company invests and will continue to invest in these directions.”

Mission:

“**FOCUS ON THE CLIENT**”: listening and interpreting their needs and establishing **LASTING** relationships thanks to a vast and extremely customisable product range: our individualised approach to the client is one of our strong points.” In its efforts to deal effectively with increasing complexity and successfully predict the developments of the business, SIPA undertakes to broaden the flexibility of its production as much as possible, with continuous innovations in the direction of system integration and interoperability.





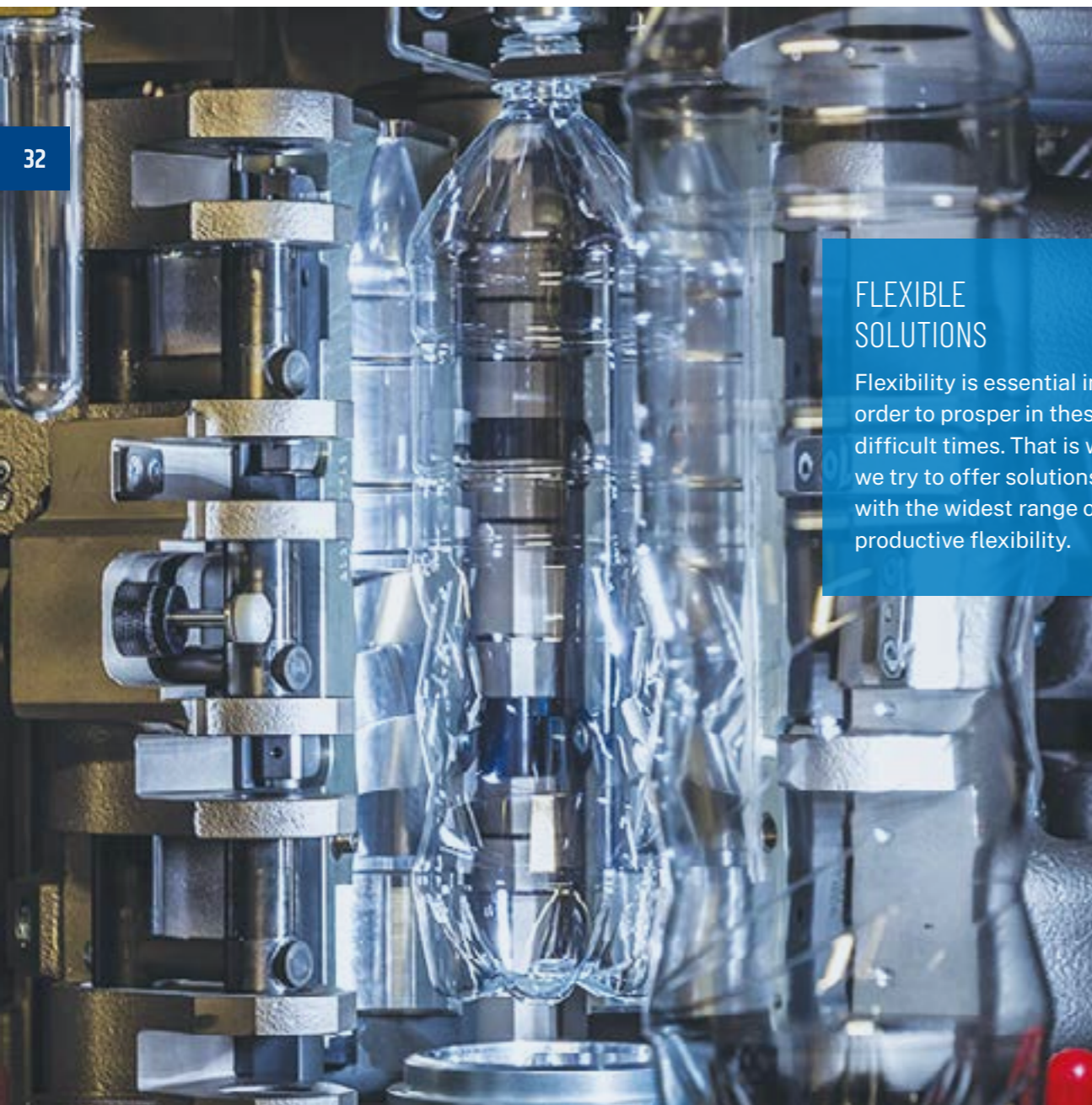
CREATIVITY AND INNOVATION

Innovative capability is an element that distinguishes our machines and it is an aspect where the company invests and will continue to invest.



FOCUS ON THE CLIENT

Our mission is to listen and understand the specific demands of every client, offering innovative, competitive solutions, an impeccable service that succeeds in giving value to the clients and establishing lasting relationships with maximum satisfaction.



FLEXIBLE SOLUTIONS

Flexibility is essential in order to prosper in these difficult times. That is why we try to offer solutions with the widest range of productive flexibility.



SUSTAINABLE SOLUTIONS

Our imperative is to supply sustainable packaging solutions, design and produce systems able to reduce consumption of both resin and energy, and increase the use of recycled material in line with the circular economy principals.



THE VALUES, THE PEOPLE AND THE PLANET: ZOPPAS INDUSTRIES FOR A SUSTAINABLE LIFESTYLE

As a Group we believe in innovation for a sustainable lifestyle. We are strategic partners, **leaders in the chain of value**. We are present in people's lives with products, technologies and services that improve the quality of the environment and enable a sustainable lifestyle.

Through a collaborative approach we create synergies with our customers in order to improve performance.

As SIPA and ZIHET, **we listen and interpret the needs of the end users** of our systems and products, developing sustainable ideas for everyone in a continuous process of innovation.

 **Zippas Industries**
Heating Element Technologies

 **SIPA**





MAKING THE WARMTH OF YOUR HOME SUSTAINABLE EVERYDAY



Zoppas Industries
Heating Element Technologies



A more sustainable future begins in our homes. From our habits, our consumption and **the choices we make every day.**

Our work is oriented towards the research of more efficient and innovative solutions that improve people's quality of life and at the same time are sustainable for the planet. Our systems may not be in plain sight, but they are everywhere, when you cook, when you do the laundry, when you turn on the heating in winter and the air conditioning in summer.

This is **when we help you to consume less** and, more importantly, **consume better.** We develop solutions to make you save water, so you don't have to wait for it to become hot when you want to take a shower.

We prevent malfunctions and inefficiencies of your household appliances, thanks for example to automatic defrosting for refrigerators. We help you consume less energy with our solar panel heaters because only in this way **we can plan a future that is more respectful of our home: the planet.**

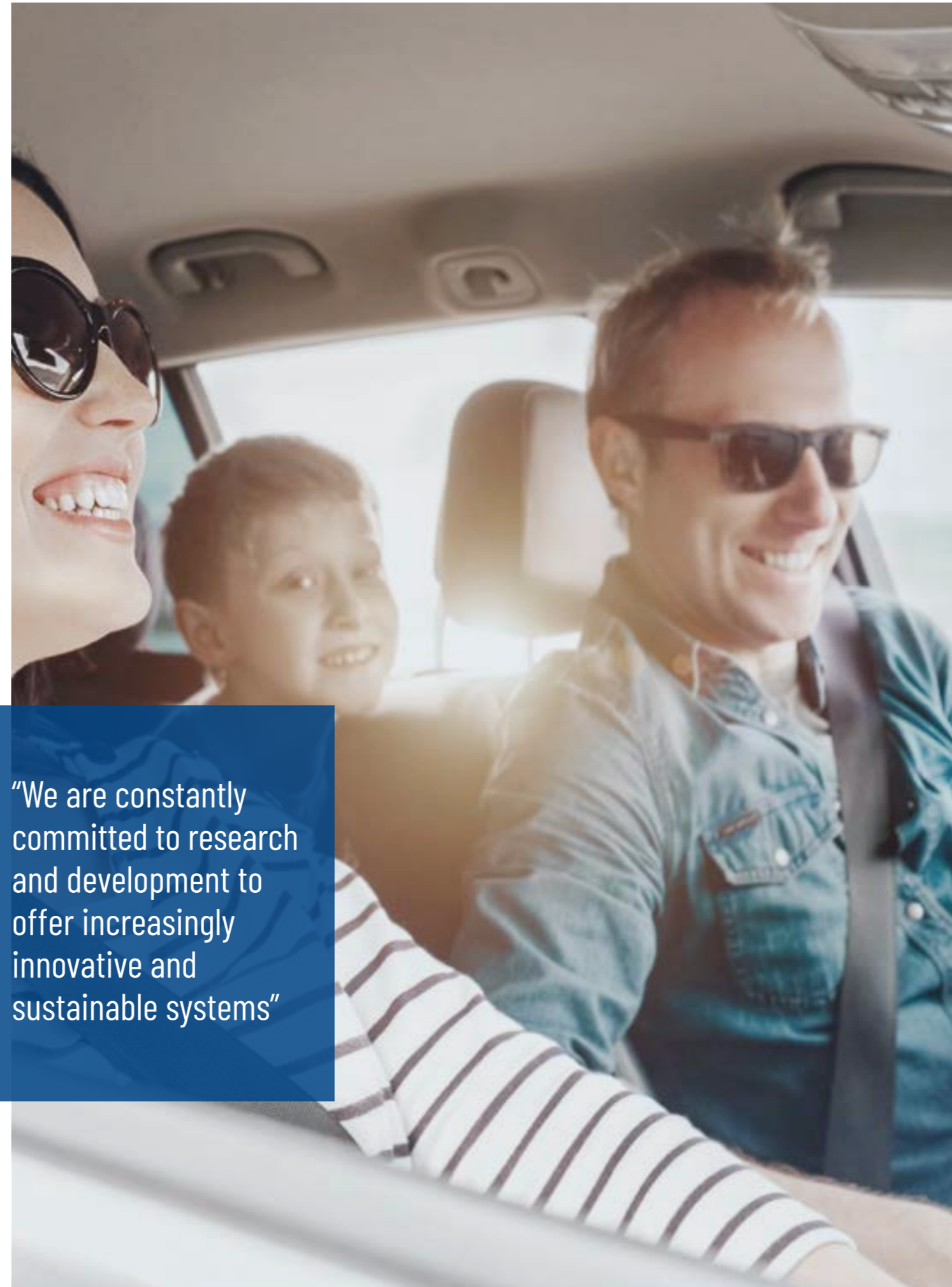


ON THE ROAD TOWARDS A BETTER FUTURE

Whether you're driving to the office or flying to the other side of the world, Zoppas Industries systems move with you every day. And every day we explore and develop solutions to do it in the safest, most effective and least impactful way possible.

Because we improve the thermal efficiency of electric vehicle batteries. Because we develop new and more efficient heating systems for driver comfort. Because with our heat management solutions we reduce car emissions and contribute to a lower environmental impact. Because between sensors for autonomous driving cars, heating technologies for rail transport and systems dedicated to aeronautics, **we are present in all strategic mobility markets**, constantly committed to research and development **to offer increasingly innovative and sustainable systems**.

Because, as we have always done, **we work today for better solutions for the future**.



"We are constantly committed to research and development to offer increasingly innovative and sustainable systems"





TAKING CARE OF OUR HEALTH, TAKING CARE OF OUR PLANET

Sustainability has always been in our DNA, starting with our production processes and ending with the actual function of our systems, which are present everywhere in the world.

At the heart of our values there are people, in a systemic vision that considers their needs but also their impact on the surrounding environment. That's why we stand next to doctors and nurses as they use dialysis machines, infant incubators, assisted breathing and anesthesia equipment.

We support researchers while using sterilizers and analyzing instruments for blood and biological material. We support technicians as they operate MRI machines and dentists as they use sterilisation and cleaning equipment, reducing the risk of infection. And to monitor the planet's health, we went into space.

Our heat balancing systems can be found on over 400 satellites providing data on the planet's weather conditions. **Always on the side of scientific progress, people and a sustainable future.**





SIPA FOR A BETTER LIFESTYLE: REDUCING



Reducing the use of raw materials is one of our main objectives because a more reasoned consumption of PET is the way to greater environmental sustainability. For some time now, we have been designing machines capable of producing lighter containers, removing material where it is not needed. This is done without compromising any mechanical or aesthetic property of the container, without disadvantages for the customer, and using technologically advanced solutions: reduced consumptions is an element that distinguishes our machines and is an aspect in which we invest and continue to put a lot of energy.

In order to reduce the consumption of the production process, **we carry out a sustainable innovation program**: through continuous technical upgrades aimed at minimizing the environmental impact of our machines, we increase their efficiency and at the same time **reduce energy, compressed air, and water consumption**. Our specialists are experts in sustainability, working to reduce resin and energy consumptions and CO₂ emissions in order to protect the environment with the aim of solving people's needs in a more efficient and cost-effective way. We firmly believe that our job is to find a better way of making things happen. **Because there is always a better solution.**

-120 THOUSAND

(Tons of PET if all SIPA blow-moulders installed worldwide produced a container with a 5% weight reduction)

-25%

Average energy consumption with SIPA technology

SIPA FOR A BETTER LIFESTYLE: REUSING

In the circular economy, **the re-use of products is essential to avoid unnecessary waste** of material that would cause a heavy impact on the environment. We develop reusable packaging solutions to be produced with our facilities. Compared to disposable containers, reusable containers can be washed in the dishwasher, which guarantees their hygiene, and can therefore be reused. This reduces the amount of plastic produced and consequently the necessity of raw materials from non-renewable sources.

Reusing PET is one of the essential choices to be made **every day to effectively reduce waste and preserve the future of our planet.**





-79% CO₂

(CO₂ emission reduction using SIPA XTREME RENEW technology, comparing to Virgin PET)

SIPA FOR A BETTER LIFESTYLE: RECYCLING

SIPA's commitment to the environment: continuous, effective, measurable. **Our specialists are among the pioneers of the "circular" approach** in their field: they design and rethink new technologies capable of giving new life to post-consumer resources and reintroducing them into the system.

An important step was the introduction of **XTREME Renew**, the world's first system for producing preforms and bottles for food use, **containing 100% recycled PET from washed bottle flakes in one facility**. A bottle-to-bottle circular economy system that offers important advantages: it uses less raw material (-10%), saves more energy (-30%), has a low TCO - Total Cost of Ownership (-15%) and reduces logistics costs (-20%) compared to other traditional technologies. A forward-looking vision that combines environmental sustainability and economic development to **deliver a better world to future generations**.





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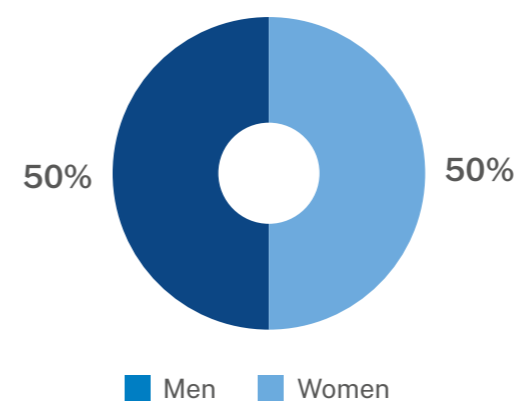
GOVERNANCE

The corporate governance of the Zoppas Industries Group consists of the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

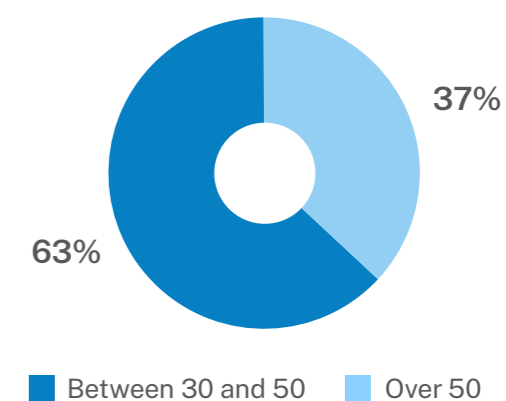
The Shareholders' Meeting decides the orientation of management, controls implementation and performs the activities assigned to it by law and by the Articles of Association. The Board of Directors is the body vested with all the powers of ordinary and extraordinary management of the company. The Board of Directors has the power to decide and implement the activities necessary for attainment of the company's business goals.

The Board of Statutory Auditors ensures the respect of the law and the Company by-laws, the respect of the principles of correct administration, and in particular, the adequacy of the organisational, administrative and accounting structure adopted by the company. The Chairman and/or CEO - within the limits assigned to the role - represent the company. In the formation of the Board of Directors of the Group, **there are no changes to report with respect to the year 2019:**

Breakdown of the BoD by gender



CdA composition by age



The role of the Board of Directors is particularly significant from the environmental standpoint, as it determines the lines of development and approves the company goals, also on the subject of sustainability.

Governance: People for Sustainability

Over a period of years, the Zoppas Industries Group has gradually integrated into its Business Model “Environmental, Social, Governance” (ESG) issues and the principles of the Sustainable Development Goals (SDGs) of the United Nations, established at the Global level for 2030.

In 2019 the Group published its guidelines from the Sustainability Project, which establish how every company function has to contribute to the development of the programme.

The governance for sustainability of the Zoppas Industries Group is handled by the Committees for Sustainability of ZIHET and SIPA: the two committees report directly to the Board of Directors which, in response to the issues posed by the two committees, coordinates priorities according to the company’s policies and strategies.

The **organisational structure for the Sustainability** of the Group is shown below:

Board of Directors (ZIHET / SIPA)	Zoppas Industries Group	Supervises the group’s sustainability policies
Sustainability Committee (ZIHET / SIPA)	ZIHET Sustainability Committee SIPA Sustainability Committee	Defines strategic guidelines, policies and initiatives
Global Directors (ZIHET)	Global process managers	Ensure that the policies and initiatives are implemented
Manager (ZIHET)	Activities specific to the area	Ensure implementation of policies and initiatives for their specific area
Local project managers (ZIHET) Function managers (SIPA)	Coordinate local projects	Programming of activities, resources, quality of realisation of the project, budget

- GROUP
- ZIHET
- SIPA

Sustainability committee

ZIHET

The Sustainability Committee at ZIHET consists of all the General Managers of plants and the Business Unit Directors, and meets monthly. In 2020 **it was able to invest additional resources** for the adoption of a system of sustainability data collection and management in order to give continuity to **the goals** of the 2020 Sustainability Report set in 2019, including:

- Analysis of the production system according to the CDP outlines (Carbon Disclosure Project)
- Commitment for COVID-19 with a significant increase in SMART WORKING and reorganisation of a number of processes and corporate sectors.

SIPA

In SIPA in 2019, the members of the Committee, who are the first levels of the company, were nominated in order to give continuity to the objectives of the Sustainability Report 2020, set in 2019.

Governance according to the Principle of Precaution, risk control and certification

The Group is committed to ensuring safe conditions for people so that they can engage in a better lifestyle. To this end, the Group ensures adoption of the Principle of precaution and of the most significant certifications in the specific sectors of the two companies, ZIHET and SIPA. According to the definition given by the European Commission, the Principle of precaution “[...] finds application in all those cases in which an objective preliminary scientific evaluation indicates that there is reasonable evidence to fear that the possible harmful effects on the environment and on the health of human beings, animals and plants may be incompatible with the high level of protection chosen by the community (referring to the Communication of the Commission on the principle of precaution, February 2, 2000).

The Zoppas Industries Group **has equipped itself with corporate tools, rules and procedures and an organisational structure for the management of risks** that enable it to assess, control and manage them competently.

With regard to operating risks, the most important is connected to the possible defectiveness of the products: the company uses strict internal safeguards and quality control procedures and the products are also subject to audits by outside bodies.

Since 1990, in addition, the Zoppas Industries Group has implemented and certified a Quality Management System according to standard ISO 9001 - which it maintains by complying with all the standard updates - extended to all the foreign premises included in the perimeter of this report. In addition to the systems of management relative to the environment and energy for the headquarters of Zoppas Industries in Italy, the Group has also **adopted certifications linked to key sectors for which it produces parts, such as the aerospace, railroad and automotive sector.**



Table: Certifications of the Zoppas Industries Group

MANAGEMENT SYSTEMS	ZIHET Italy	ZIHET Romania	ZIHET China	ZIHET Mexico	ZIHET Serbia	SIPA
M. O. 231	X	X	X	X	X	X
ISO 50001	X					
ISO 14001	X	X	X			
ISO 9001	X	X	X	X	X	X
EN/AS 9100 (aerospace sector)	X					
ESCC 4009 Quality - Space & ESA	X					
ISO/IEC 80079-34 (ATEX/INCEX sector)	X					
EN 15085-2 (railroad sector)	X	X				
IATF 16949 (automotive sector)	X		X			
MODULE H PED - Pressure Equip.	X					X
ISO/IEC 17025 Quality - Laboratory	X					

“We invested additional resources for the adoption of a system of sustainability data collection and management.”



STAKEHOLDERS

The Group's sustainability goals are pursued through a multi-stakeholder approach, based on the conviction that **companies need not limit themselves to being economically efficient**, but must also **operate as informed social and cultural leaders within the community**.

The Group embraces the principles of social responsibility, focusing its attention on the younger generations, on deepening its roots in the area and on spreading industrial culture.

The categories of stakeholders of the Zoppas Industries Group can be divided as follows:

Stakeholders with a direct impact

- Shareholders
- Employees
- Clients
- Suppliers
- Regulatory Bodies
- Strategic Partners
- Investors
- Lenders/Banks

Stakeholders of the sector and of the social / economic context

- Media
- Universities
- Associations of the sector
- Local community
- Environmental associations
- End users

Listening to and communicating with all the stakeholders constantly are strategic actions for the Group. Listed hereafter are some examples of the tools of communication used with different categories of stakeholders:

COMMITMENT
TOWARD THE
STAKEHOLDERS,
MISSION

STAKEHOLDER	COMMITMENT	OPPORTUNITIES FOR GROWTH	MEANS OF COMMUNICATION
EMPLOYEES AND COLLABORATORS	The company is committed to defending employment and developing initiatives in support of safety, training and corporate welfare.	Motivation and loyalty of the personnel; increasing technical and managerial know-how to ensure the growth of skills; reduction of risks through strict compliance with safety measures in the workplaces.	Biennial survey of corporate climate, installation of totems and bulletin boards, corporate intranet, special section of the website.
CLIENTS	Quality of the products, sustainability of the products, services of assistance.	Improved communications with the clients in the service of increasing their satisfaction.	Constant relations with the sales force, customer satisfaction questionnaires, feedback from the website.
TERRITORY AND COLLECTIVITY	Dialogue with the communities and local organisations.	Support and development of the area.	Meetings with the local communities.
BUSINESS ASSOCIATIONS IN THE SECTOR	Continuous relations with the stakeholders involved.	More interaction with interested parties.	Meeting in dedicated locations.

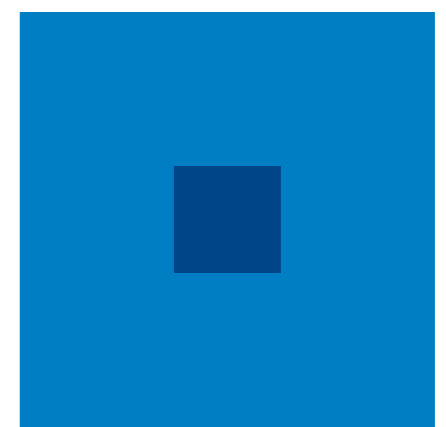


SIPA

The approach that characterises SIPA is **commitment, support and sharing toward the category of stakeholders most strongly concerned with the environment**, such as: Legambiente, Economy Network, Foundation for Sustainable Development. Regarding the involvement of end consumers, i.e. those who consume the products contained in the PET containers produced using SIPA machinery, the company is engaged in a dialogue on social media in an attempt to encourage virtuous behaviour with respect to the issue of recycling and to the spread of correct information about the possibilities **for recycling plastic materials**.

ZIHET

The goal of ZIHET is to **involve its stakeholders to a greater extent**, starting from suppliers and clients, in a process of evaluation and shared goals as regards the former, and a more in-depth exchange of information with the latter. That is what ZIHET is doing, for example, with the pursuit of an increasing number of suppliers certified to ISO 14001 in its supply chain.



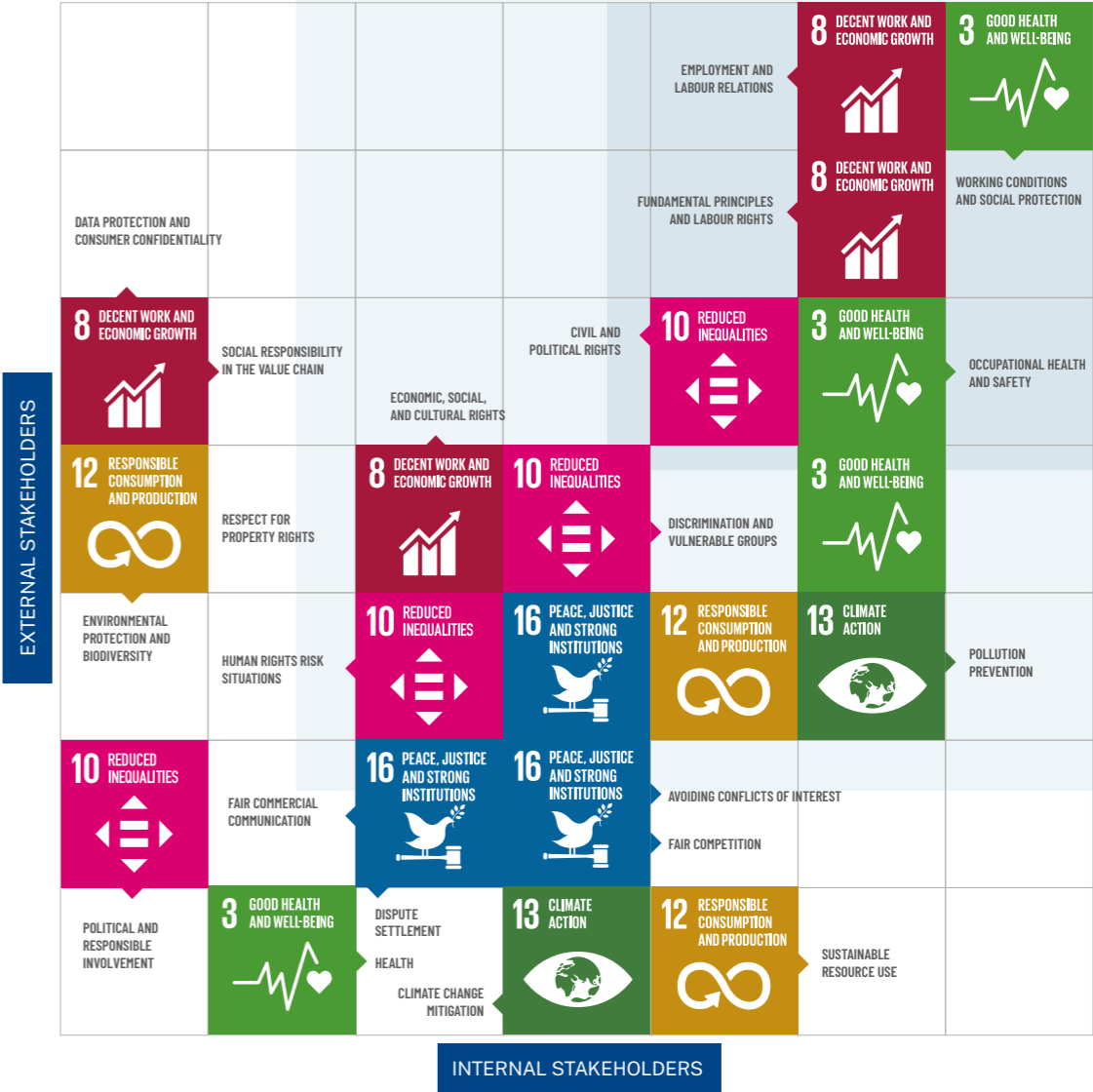


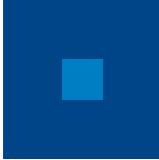
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MATERIALITY

The materiality matrix is one of the tools currently used in reporting on sustainability. It serves to delineate the strategies of the Group, considering and balancing what is important for all the interested parties with whom the company interacts directly or indirectly - through its effects on their activities. "Materiality" is the principle that determines which aspects are most significant for the stakeholders, so much as to make them essential elements for reporting.

Of all the stakeholders of the Group, the employees, suppliers and clients have been involved in the process of determining materiality. For 2020, the assessment was made using a questionnaire which explored 35 themes proposed by the **Guide to Social Responsibility** pursuant to ISO 26000 and linked to the GRI standards.





Hereafter we report the matrix of materiality generated by the survey, showing the outcomes of the consultation on a scatter plot with the evaluations of the internal stakeholders on the abscissa and external on the ordinate:

The material themes resulting from the matrix of materiality concern, in particular, **the social aspects of sustainability**, which provide for respect of the fundamental human rights. In detail, the social aspects connected to working conditions and social safeguards, as well as health and safety in the workplace, are highly significant for the stakeholders. The table that follows summarises the material themes and those considered in the Report as closely linked to them:

Relations with the SDGs

In September 2015, more than **150 international leaders met at the United Nations to define the 2030 Agenda for Sustainable Development**. The objective is to contribute to global development while paying close attention to human wellbeing and environmental safeguards. The Agenda is based on **17 key goals** (SDGs, Sustainable Development Goals) to be achieved by 2030.

MATERIAL THEMES FOR THE ZOPPAS INDUSTRIES GROUP	
EMPLOYMENT AND JOB RELATIONS	CIVIL AND POLITICAL RIGHTS
WORKING CONDITIONS AND SOCIAL SAFEGUARDS	FUNDAMENTAL PRINCIPLES AND RIGHTS TO WORK
SOCIAL RESPONSIBILITY IN THE CHAIN OF VALUE	SITUATIONS OF RISK FOR HUMAN RIGHTS
RESPECT OF PROPERTY RIGHTS	AVOIDANCE OF CONFLICTS OF INTEREST
ECONOMIC, SOCIAL AND CULTURAL RIGHTS	PREVENTION OF POLLUTION
HEALTH AND SAFETY IN THE WORKPLACE	FAIR COMPETITION
HONEST ADVERTISING	DISCRIMINATION AND VULNERABLE GROUPS

The Zoppas Industries Group, aware of its impact and of the positive contributions it can make to Sustainable Development, has chosen to focus its activities on the UN Agenda, integrating the SDGs principles and ESG (Environmental, Social, Governance) fundamentals into its business model.

“One of the tools currently used for sustainability reporting is the materiality matrix.”



PEOPLE, THE ENGINE OF THE FUTURE

Zoppas Industries
Heating Element Technologies

PERSONNEL

The Zoppas Industries Group believes in its own **Ethics Code**, the commitments and ethical responsibilities connected with operating a business and with the corporate activities in which **its employees, collaborators, executives and partners are engaged**. The Zoppas Industries Group attributes particular importance to respect of the principles of legality, loyalty and correctness, both by its personnel and by its suppliers, clients and all those who, in various ways, collaborate with the Group. In particular, with regard to employees and collaborators, **the Group carefully monitors any possible violations** of the rules that can be drawn from the international agreements on worker safeguards. In its relations with its employees, the Group provides and applies active measures to maintain the necessary conditions to ensure that the capabilities and professional skills of each are recognised and allowed to evolve constantly.

The policy of the Group is to select and assign jobs to employees on the basis of their **skills and qualifications**, without any discrimination whatsoever, from the time of their recruitment and hiring, assigning duties and promotions and managing bonuses and special, establishing educational, social and recreational programs throughout the duration of the relationship.

In accordance with the ethical principles that govern its business, the Zoppas Industries Group protects the moral integrity of its employees and collaborators, **guaranteeing them the same working conditions, always respectful of personal dignity**. The Group:

- a) does not tolerate violent or threatening behaviour in the workplace, or any sort of psychological abuse capable of injuring personal dignity;
- b) does not tolerate any form of sexual harassment in the workplace, of any degree, nature and gravity;
- c) does not allow any behaviour in the workplace that could be found offensive of personal dignity for reasons of race, ethnicity, sexual orientation, religious faith, social class, political opinions or health.

The Ethics Code modelled on Legislative D. no. 231/2001

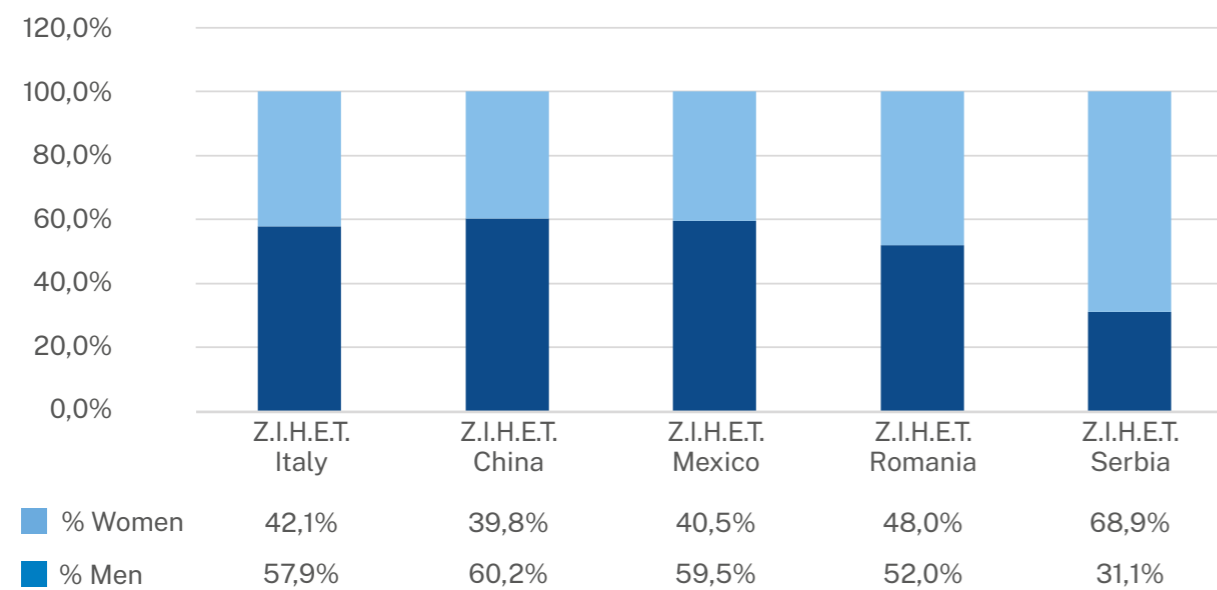
The Zoppas Industries Group, in its SIPA and ZIHET organisations, has adopted an Ethics Code modelled on Italian Legislative Decree no. 231/2001, extended to matters of sustainability in favour of people and the environment. The Group requires all its personnel, its collaborators and anyone who represents it, **to act in accordance with this Ethics Code with commitment and responsibility**.

Organisation of labour and quality of the workplace

ZIHET

To ensure **equal opportunities to employees of both genders**, ZIHET also facilitates initiatives of work-life balance, to ease work-life situations, for example, by permitting part-time employment when necessary. The tables below illustrate the percentage of employees, divided by contract type, geographical area, age group, gender, part-time and full-time:

ZIHET employees by gender and geographical region (%) - Year 2020



EMPLOYEES BY TYPE OF CONTRACT AND GEOGRAPHICAL AREA IN 2020					
TYPE OF CONTRACT	ZIHET Italy	ZIHET China	ZIHET Mexico	ZIHET Romania	ZIHET Serbia
PERMANENT EMPLOYMENT CONTRACT	100%	100%	100%	100%	87,2%
TEMPORARY EMPLOYMENT CONTRACT	0%	0%	0%	0%	12,8%

EMPLOYEES BY TYPE OF CONTRACT AND GENDER IN 2020		
TYPE OF CONTRACT	MEN	WOMEN
PERMANENT EMPLOYMENT CONTRACT	99,2%	98,2%
TEMPORARY EMPLOYMENT CONTRACT	0,8%	1,8%



EMPLOYEES BY TYPE OF CONTRACT AND GENDER IN 2020

TYPE OF CONTRACT	MEN	WOMEN
FULL-TIME	99,6%	97,7%
PART-TIME	0,4%	2,3%

EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP IN 2020

COMPANY CATEGORIES	MEN			WOMEN		
	<30	30-50	>50	<30	30-50	>50
EXECUTIVES	0,1%	0,0%	0,0%	0,0%	0,0%	0,7%
MIDDLE MANAGERS	0,0%	0,0%	0,0%	0,0%	0,0%	4,7%
OFFICE WORKERS	18,9%	26,1%	22%	26,1%	22%	33,2%
LABOURERS	81%	73,9%	78%	73,9%	78%	61,4%

SIPA

2020 was the year of the COVID-19 pandemic, a terrible situation for SIPA and all its employees and collaborators. In spite of the severe limitations and complications, SIPA remained focused on people and persevered in its projects of improvement and innovation.

The policies implemented by SIPA in 2020 relative to human resources are centred on the following concepts:

- Job policies;
- Work-life balance;
- Training;
- Welfare;
- Initiative for the area.

Great attention is devoted at SIPA to the human capital as the principal asset for the company's growth. Safeguarding workers' rights is fundamental, and this means providing better working and personal conditions in respect of a constructive dialogue. SIPA believes that supporting the growth of its personnel is a way to stimulate greater motivation and improve the overall performance of the company.

The social dialogue is a key element for SIPA. In this view SIPA was able even in 2020 to maintain a continuous, constructive and positive relationship with the labour union representatives in the company, the local labour organisations and the business associations in the sector.

The job policy at SIPA provides for hiring personnel with either a temporary or a permanent employment contract for the first year. The time schedule is either full or part- time. The company also **encourages workers to gain experience abroad** at branches or companies of the SIPA Group.

The tables that follow show the percentages of SIPA relative to contractual relations divided by contract type, gender and age:

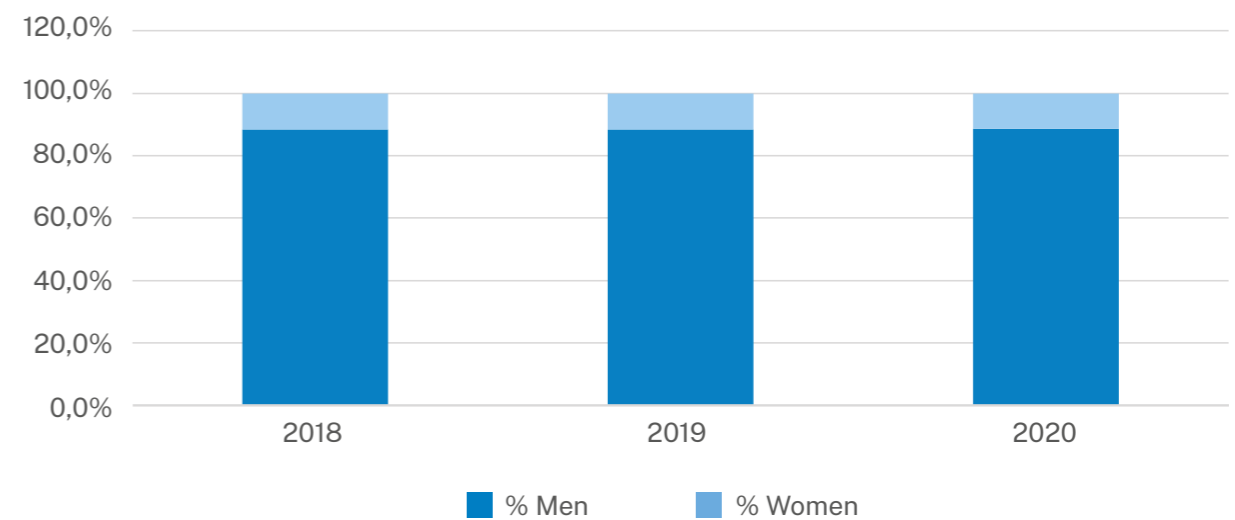
EMPLOYEES BY TYPE OF CONTRACT AND GENDER IN 2020		
TYPE OF CONTRACT	MEN	WOMEN
PERMANENT EMPLOYMENT CONTRACT	97.4%	98.9%
TEMPORARY EMPLOYMENT CONTRACT	2.6%	1.1%

EMPLOYEES BY TYPE OF CONTRACT AND GENDER IN 2020		
TYPE OF CONTRACT	MEN	WOMEN
FULL TIME	99.3%	75.0%
PART-TIME	0.7%	25.0%

EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP IN 2020						
COMPANY CATEGORIES	MEN			WOMEN		
	<30	30-50	>50	<30	30-50	>50
EXECUTIVES	0.0%	1.5%	5.5%	0.0%	0.0%	0.0%
MIDDLE MANAGERS	0.0%	5.2%	15.0%	0.0%	1.9%	3.8%
OFFICE WORKERS	41.9%	50.4%	43.2%	100.0%	98.1%	96.2%
LABOURERS	58.1%	42.9%	36.3%	0.0%	0.0%	0.0%

EMPLOYEES BY GENDER AND AGE GROUP - YEAR 2020		
AGE GROUP	MEN	WOMEN
< 30	10,9%	9,1%
30-50	57,3%	60,2%
>50	31,8%	30,7%

SIPA employees by gender (%) - Year 2020



Health and safety in the workplace

The Zoppas Industries Group has always applied a **policy based on attention to the health and safety of people**. The year 2020 was severely affected by management of the COVID-19 emergency, which involved the entire service of protection and prevention in the company areas directly involved.

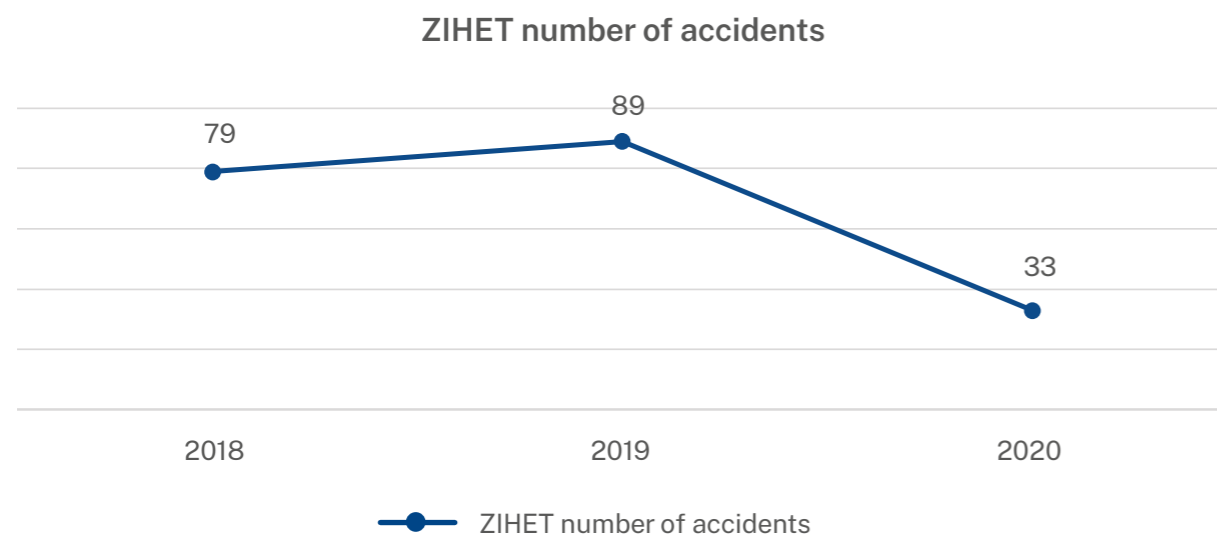
CASES OF COVID-19 AT ZIHET Italy in 2020	
TOTAL	
34	

CASES OF COVID-19 AT Sipa in 2020		
SIPA VV	SIPA SB	TOTAL
41	5	46
2	3	5

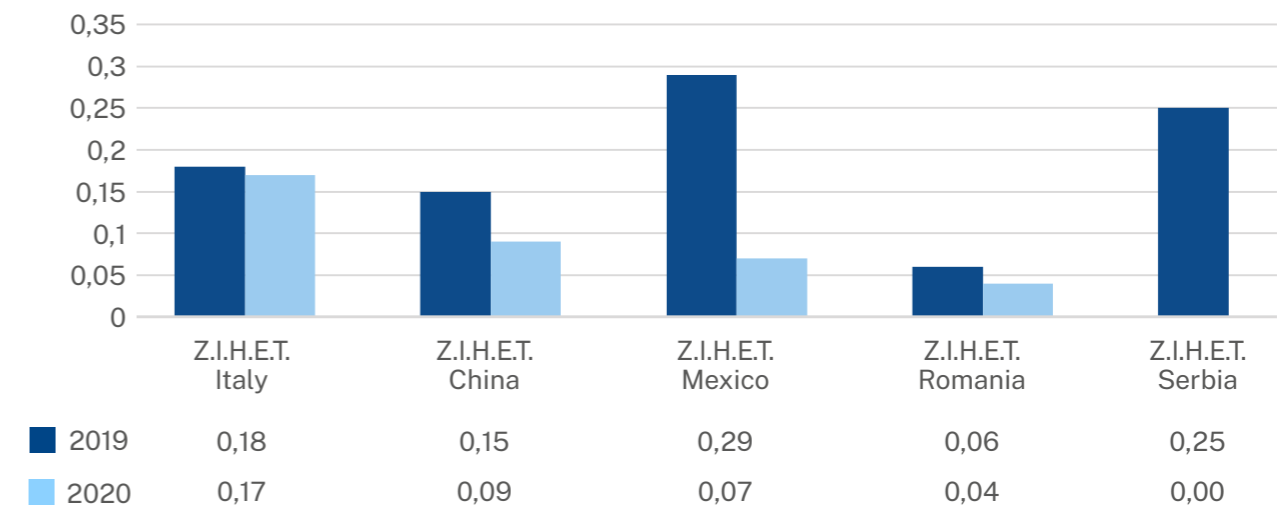
ZIHET

Zoppas Industries applies a policy of health and safety in accordance with the standards of the different countries, **by requiring safety and accident prevention training in the workplace** - using both classroom situations and e-learning methods - for all company personnel at all levels. 2020 was the year of the pandemic, and many initiatives were reduced, especially due to the objective difficulty of holding in-person meetings. The priority for 2020 at ZIHET, as for all the companies of the Group, was to guarantee the health of the workers.

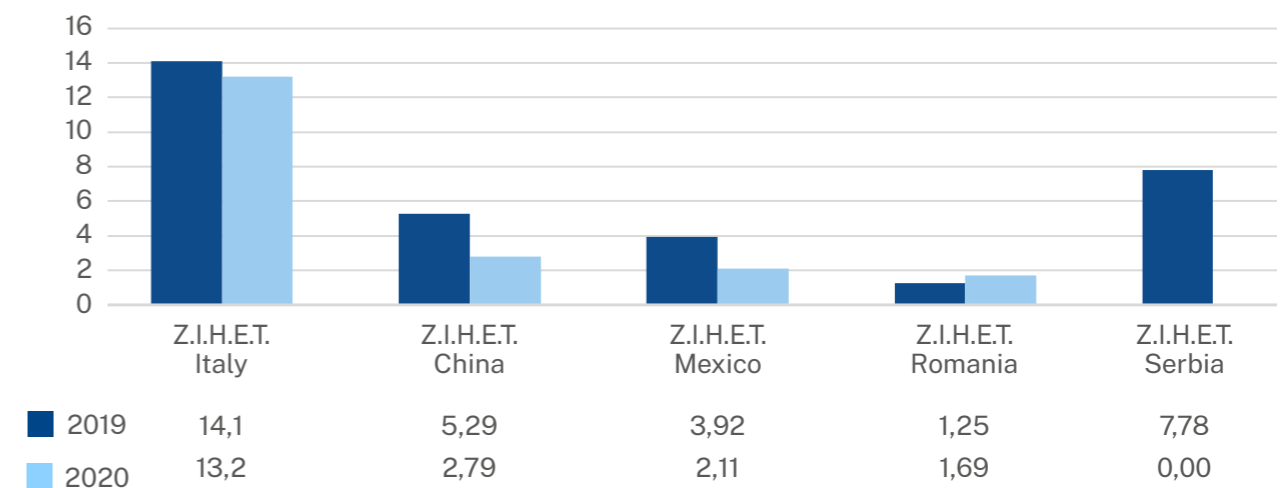
On the basis of Group and ZIHET policies regarding health and safety, **in 2020 the data relative to accidents were generally improved**, as can be seen from the tables below:



ZIHET Accident severity index by plant years 2019/2020



ZIHET Accident frequency index by plant years 2019/2020





ZIR ROMANIA: COVID-19 PROJECT

The Romanian plant implemented a very powerful COVID-19 plan, anticipating the government requirements and establishing procedures that were even stricter than those enacted later nationwide:

- a campaign of antiviral vaccination was held, on doctors' advice, to reduce the virulence of other possible types of flu virus.
- A fleet of company buses took workers from home to the job, and increased the number of buses from 20 to 32 so as to ensure proper distancing during the commute.
- Special procedures were introduced in the company to combat COVID-19, regarding access to the company, business travel, testing and isolation, quarantining and returning to work after symptoms.

The company employed the services of a team of volunteer firefighters who were paid to help the employees maintain proper distancing when entering and leaving the plant during change of the shift.



THINK SAFE, LIVE SAFE, WORK SAFE



*** ZOPPAS Lean System

ZIM MEXICO: INTERNAL SYSTEM OF HEALTH AND SAFETY IN THE WORKPLACE

Our main activities are focused on establishing and maintaining a safe and healthy workplace in a healthy environment where workers can flourish. A few examples of the activities carried out during the year include follow-ups on pregnancy, chronic illnesses, campaigns in favour of health and safety and periodical audits to monitor the company's position on matters of health and safety. In 2020, information campaigns were carried out monthly for purposes of prevention and maintaining awareness.

ZIHET ITALY: SYSTEM OF WORKPLACE SAFETY MANAGEMENT

CERTIFIED ACCORDING TO UNI-INAIL GUIDELINES, VALID UNTIL APRIL 2021, WITH RENEWAL EXPECTED UNTIL APRIL 2023.

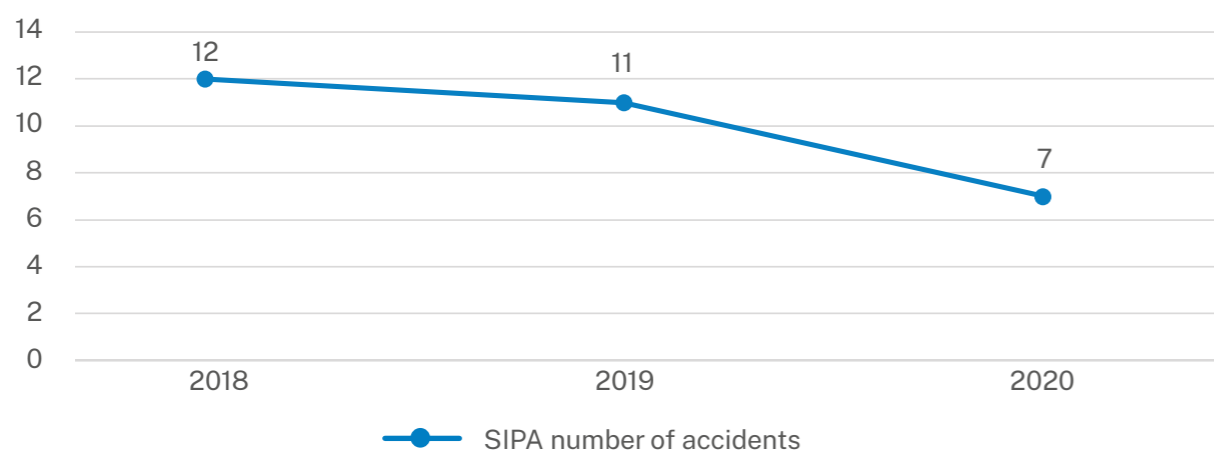
The management system concerns 100% of IRCA, the Vittorio Veneto plant (RICA1) and the Conegliano Veneto plant (RICA2). IRCA's Workplace Health and Safety Management System has been certified since 2013 and is reviewed every two years through an audit carried out by an external authority. It is a system that defines the methods for identifying - within the company's organisational structure - the responsibilities, procedures, processes and resources for the realisation of the intentions set for in the company's safety policy, in respect of the current standards of health and safety. Its purpose is to guarantee the attainment of the health and safety goals that IRCA Spa has decided to apply.



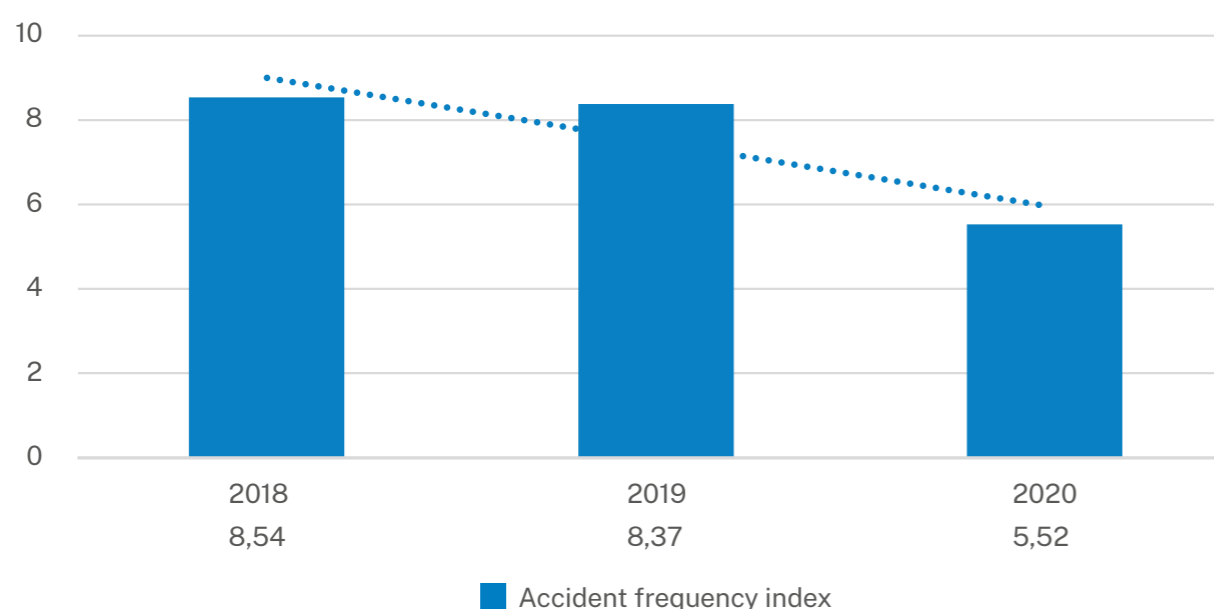
SIPA

At SIPA, health and safety are managed with attention to the provisions of Italian legislative decree no. 81/2008 and subsequent amendments and additions, which provides a system for the management of health and safety complete with all the requisites for prevention and control of risks and hazards. **The company offers incentives for workers to report any conditions of potential danger that could cause accidents or injuries (near misses).** During the periodical meetings with the department head, the company reiterates the importance of encouraging and managing any reports of “near misses”, as part of the service of protection and prevention. Following the application of this policy by SIPA in 2020, the data relative to accidents improved, as can be seen in the graphs below:

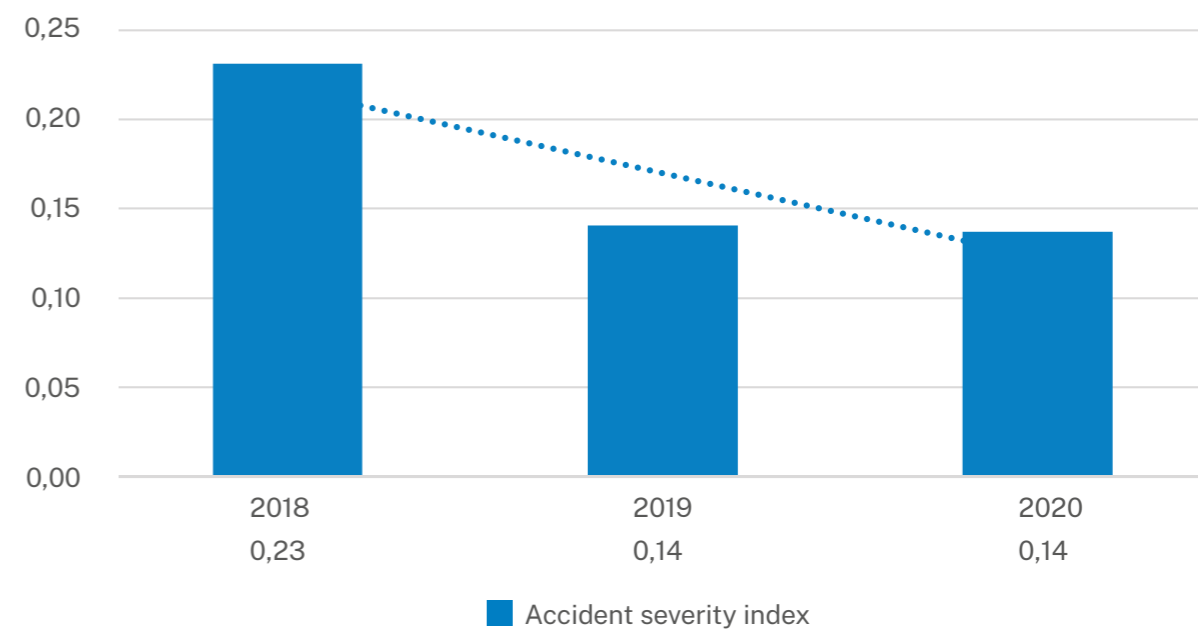
SIPA number of accidents - years 2018 - 2020



Accident frequency index - years 2018 - 2020



Accident severity index - years 2018 - 2020



With respect to 2019 the company reported an improvement of 34% of the index of frequency, while the index of gravity remained the same. Training on the subject of safety in the workplace, in the classroom and via e-learning, and the prevention of accidents in general are areas that involve the personnel in their entirety, at all levels of the organisation. Given the importance of the issue, **the training program for safety** in 2020 was carried out with mandatory courses as well as extra initiatives such as how to use 3rd category PPE, the legislative and operational aspects with regard to waste management, the emergency procedures for night-shift workers, emergency firefighting and first aid techniques for the third shift.

With regard to management of the COVID-19 emergency, the main activities carried out and still in effect are as follows:

- The company prepared and enacted its own **“Operating Plan of prevention and control”** at the outset of the COVID-19 emergency, containing the operational measure applied with regard to distancing, mask-wearing, sanitising of rooms as well as the heating and air-conditioning systems and the management of meetings in physical presence.
- As provided by the Plan, **internal audits of the workplaces** are carried out once a month to confirm correct application of the preventive measures contained in the plan, using a special dedicated checklist.

The company has been subjected to two inspections by public authorities to ascertain application of the required measures. Both inspections had a positive outcome: no violations were found and no sanctions applied.

Personnel training

ZIHET

ZIHET's policy is to **make the workplace as comfortable as possible**, providing training and updates in relation to the job. At the time of hiring employees are evaluated according to a common standard and **recruitment policy**. In a business characterised by high turnover, the company has acted as a regular professional **training school**, where the trainers prepare the individuals before they are officially integrated in the jobs assigned: both as regards their rights and duties, and their conduct in the company, and as regards the specific job training.

With regard to technical training and updates, the company developed a “**Digital Academy**”, a container of training courses which became accessible in 2020, whose goal is the training of newly hired technical personnel in all the ZIHET plants, and updates of the personnel already employed; the Academy also serves to protect company know-how in the technical sector, as a company asset, while making it available to all the ZIHET personnel.

EDULIFE PROJECT

The project of development of careers through the platform EDULIFE, with its open learning teaching methods, has involved the managerial personnel for development of leadership. The project was undertaken in the Chinese plant and at the Conegliano plant in Italy, and is a follow-up to the process initiated in 2019.



PROJECT FOR INDUCTION AND PROFESSIONALISATION OF NEW PERSONNEL

When a new employee joins the company, he or she goes through a training process that lasts 4 days in which they learn about the company, about the contract and salary, production systems and internal management, health and safety, ethical principles, labour organisations, teamwork. During the induction process, specific information and training is provided on health and safety, with emphasis on care of the hands for elevated risk during production.

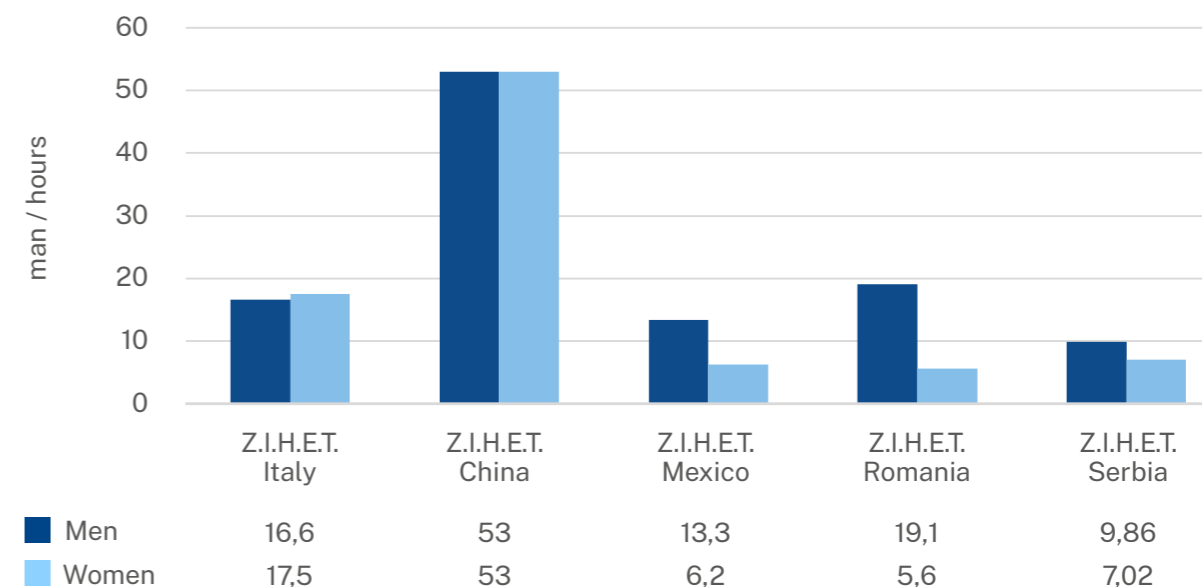
The data relative to training provided in 2020 are shown below:

HOURS OF TRAINING BY PROFESSIONAL CATEGORY - ZIHET 2020				
PROFESSIONAL CATEGORY	Unit of measurement	MEN	WOMEN	TOTAL
EXECUTIVES	h	283	87	370
MIDDLE MANAGERS	h	2222	632	2854
OFFICE WORKERS	h	10751	4563	15314
LABOURERS	h	33224	20977	54201
TOTAL	h	46480	26259	72739

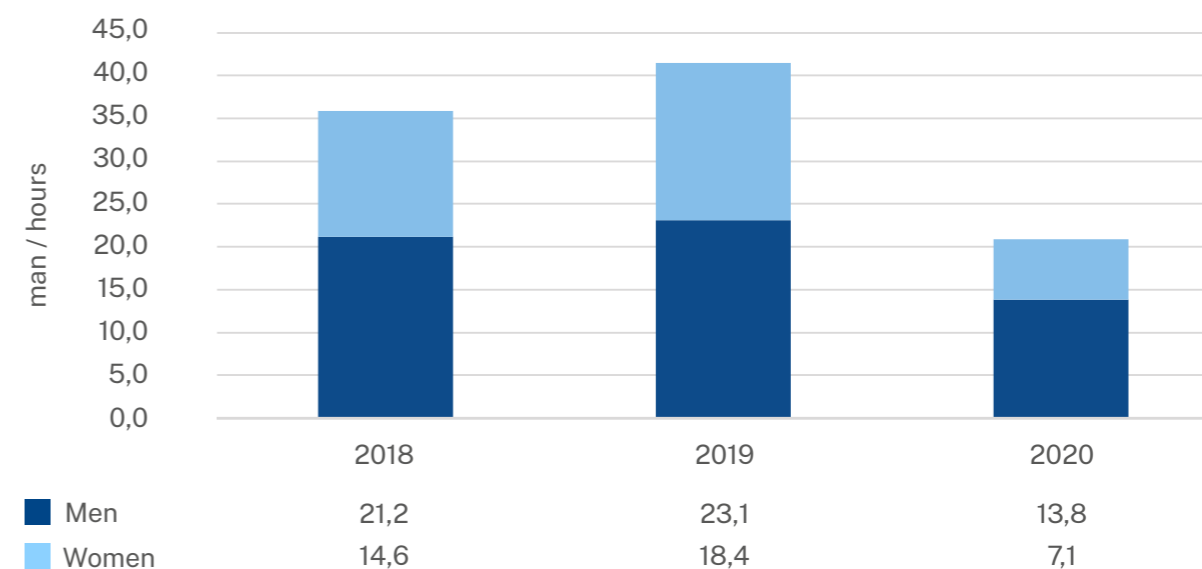
NUMBER OF EMPLOYEES INVOLVED IN TRAINING - ZIHET 2020				
PROFESSIONAL CATEGORY	Unit of measurement	MEN	WOMEN	TOTAL
EXECUTIVES	n	16	4	20
MIDDLE MANAGERS	n	117	45	162
OFFICE WORKERS	n	866	695	1561
LABOURERS	n	2029	1527	3556
TOTALE	n	3028	2271	5299

Through the introduction of the “lean” approach in all the Group’s companies, using extensive training at all levels, **the workplace and work methods grew more comfortable**, in addition to improving the efficiency and effectiveness of the employees’ performance. The following training data are divided by ZIHET worksite: the statistics underwent a decrease in most cases, due to the pandemic.

ZIHET number of man-hours of training provided by plant - Year 2020



ZIHET Employees man-hours of training Year 2018-2020



SIPA

SIPA considers employee training a decisive factor to **increase know-how and skills** in the company and promote personal growth.

Continuing the project undertaken in 2018, the training program for 2020 was designed to facilitate the continuous education of the personnel, basing it on **three main themes** as indicated hereafter:

ORGANIZATION



TECHNOLOGY



PERSON

In 2020, with the severe restrictions imposed with regard to distancing and protection against the pandemic, **it was not possible to organise and hold the expected annual plan**, and this also had negative effects on the courses for which the group, sharing and exchanging in physical presence are an element of success of the training project.

The data relative to training provided in 2020 are shown below:

HOURS OF TRAINING BY PROFESSIONAL CATEGORY - SIPA 2020				
PROFESSIONAL CATEGORY	Unit of measurement	MEN	WOMEN	TOTAL
EXECUTIVES	h	18	0	18
MIDDLE MANAGERS	h	209	14	223
OFFICE WORKERS	h	919	204	1123
LABOURERS	h	1814	0	1814
TOTAL	h	2960	218	3178

NUMBER OF EMPLOYEES INVOLVED IN TRAINING - SIPA 2020				
PROFESSIONAL CATEGORY	Unit of measurement	MEN	WOMEN	TOTAL
EXECUTIVES	n	2	0	2
MIDDLE MANAGERS	n	18	1	19
OFFICE WORKERS	n	130	35	165
LABOURERS	n	308	0	308
TOTAL	n	458	36	494

Work Life balance and Welfare during the Covid-19 emergency

The wellbeing of its employees and collaborators is one of the goals of the Group.

On the subject of the WORK-LIFE BALANCE, the priority for 2020 for all the companies in the Zoppas Industries Group was to guarantee the health of the workers above all. The group provided its employees with all the protective measures to safeguard their health, and those necessary to continue their job activities. In connection with this latter aspect, and where compatible with the duties performance, the companies promptly approved switching to remote working.

Remote working was initially perceived with scepticism, but it enabled the companies to continue their business and to find new opportunities, for example applying a different approach in evaluating employees, not just on the performance in the company but on the basis of the results obtained in the work. The smart working or remote working strategy enabled the Group to continue its activities with adequate flexibility, satisfying the people who appreciated the possibility of improving their own work-life balance: as a consequence of this experiment, the Group has decided to pursue the model and make smart working an integral part of the corporate culture.

As of 2017, the Zoppas Industries Group had adopted a **platform devoted to management of its welfare plan**. The options relative to goods and services available were chosen by the Group in a view of facilitating and meeting the needs of people. For that reason, the platform includes such items of grocery and gasoline coupons, reimbursements (such as transportation, school expenses), services of social security and medical expenses, enabling entitled persons to choose flexible benefits by reason of their personal needs and interests.

ZIHET

ZIHET is committed to making the workplace more comfortable, but also improving the external dimension, involving the employees in **occasional initiatives extended to whole families**. ZIHET is close to its employees and supports them in case of family problems with different sorts of aid.



ZIR ROMANIA: A WAY TO GIVE VOICE TO EMPLOYEES THE IMPORTANCE OF KNOWING PEOPLE

The weekly company podcast, spread via e-mail and whatsapp, is a way to create and maintain an open and close relationship with the company's employees, through better knowledge among the people working together. Podcasts collect and present the activities of employees in their free time outside ZIHR. It is a tool available to anyone who wants to tell their story and promote their activities and initiatives: those who sing and promote their concerts, those who do machine embroidery, those who do tailoring, fishing, artwork, and sculpture, or talk about their activities and their passion. The podcast allows people to get to know each other through socialization and creates the conditions to meet outside the company.



TIME OFF FOR PARENTS AT ZIHET IN 2020

	MEN	WOMEN	TOTAL
Total number of employees who took parental leave	107	118	225
Total number of employees who returned to work after parental leave	107	86	193
Total number of employees who are still employed 12 months after returning from parental leave	23	73	96
Rate of return	100.0%	72.9%	85.8%
Rate of retention	21.5%	84.9%	49.7%

SIPA

The priority for 2020 at SIPA was to **guarantee the health of the workers**. SIPA provided its employees with all the protective measures to safeguard their health, and those necessary to continue their job activities. In connection with this latter aspect, and where compatible with the duties performance, the companies promptly approved switching to remote working. Its adoption, in addition to enabling the company to continue its business, enabled the company to identify **some new opportunities**:

- It provided a different approach to the evaluation of employees, based on **results** rather than on presence;
- The activities in progress proceeded with adequate **flexibility**, to the satisfaction of all the interested parties, who were able to maintain an ideal work-life balance;
- The company became aware that it could examine **new solutions** to the management of its human resources to ensure the most attractive and competitive conditions.

In view of this and in the expectation of returning to a "new normal", SIPA will continue to resort to remote working on a regular basis, as it is now an integral part of the Zoppas culture. The modes of implementing remote work after the covid emergency are currently being reviewed. On the subject of parental leave for both parents, the data for SIPA in 2020 are as follows:

PARENTAL LEAVE AT SIPA IN 2020

	MEN	WOMEN	TOTAL
Total number of employees who made use of parental leave	29	17	46
Total number of employees who returned to work after parental leave	29	17	46
Total number of employees who are still with the company one year after returning from parental leave	29	17	46
Rate of return	100.0%	100.0%	100.0%
Retention rate	100.0%	100.0%	100.0%

ZIH CINA: YOGA LESSON IN THE COMPANY

The company's yoga club offers free yoga lessons for staff twice a week. Yoga in the workplace helps to improve the quality of life of employees and collaborators, is an excellent tool for the physical and mental well-being of the people who practice it, improves the company environment and reduces stress. Practicing yoga together with colleagues is a way of sharing and relating within the working environment.





THE COMMITMENT TO THE COLLECTIVITY

Zoppas Industries provides support to hospitals in Italy, Spain, UK, Romania, Japan, Thailand, USA, including the supply of 15 intensive care units, 100,000 face masks and thermometers.

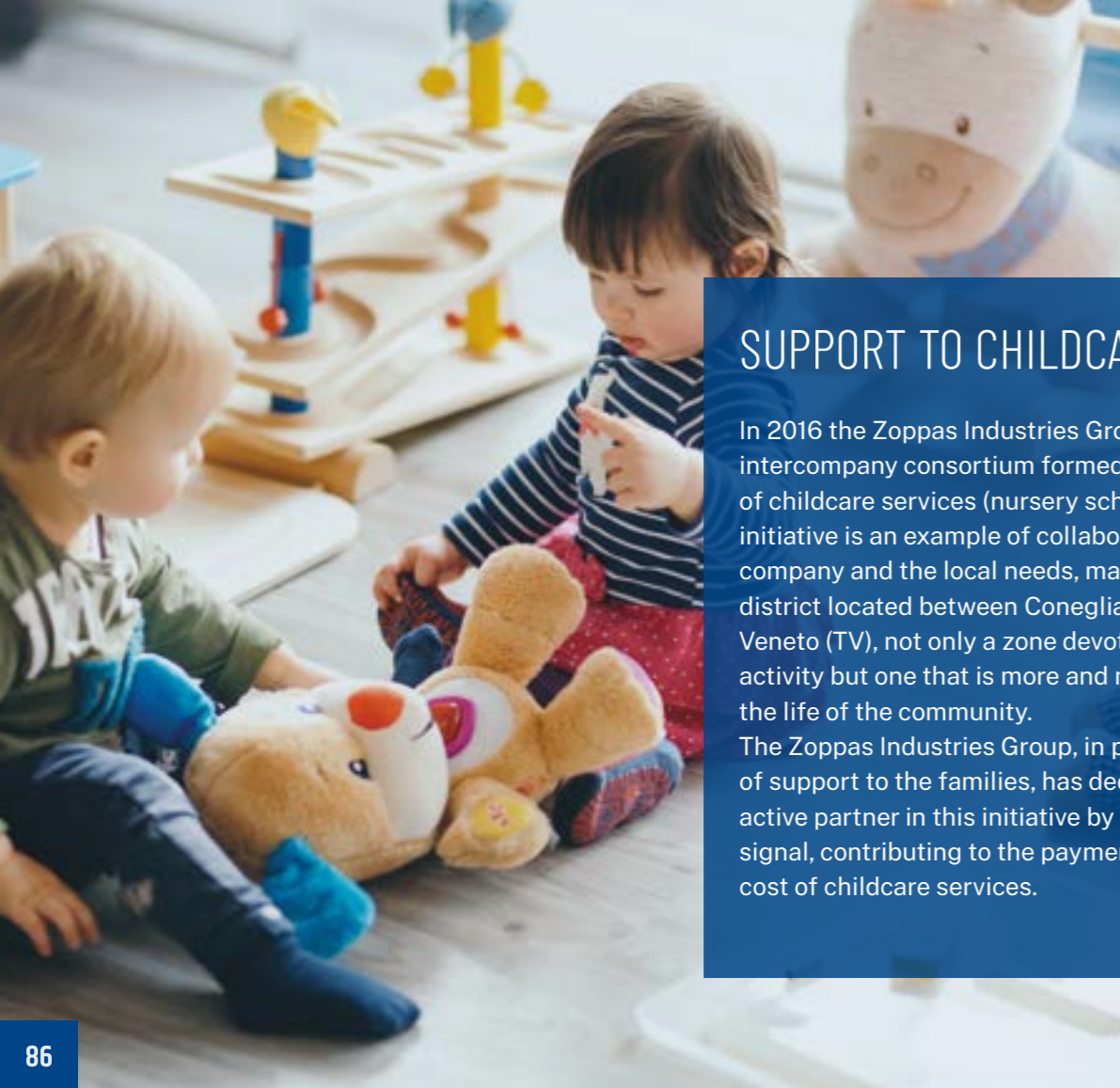
ZIHET

ZIHET has always been sensitive to the needs of the area in which it operates, **giving space to relations with the schools for internships** and, in particular in 2020, it took steps to support the area in projects connected with the COVID-19 pandemic. It also participates in and sustains projects in favour of the collectivity and fundraising initiatives.

SUPPLIES TO HOSPITALS FOR COVID-19

Pictured is the Zoppas delegation donating medical equipment to the healthcare system in Mexico: Mouthpieces, Masks, Gloves, Disposable Lenses, Surgical Coats.





SUPPORT TO CHILDCARE SERVICES

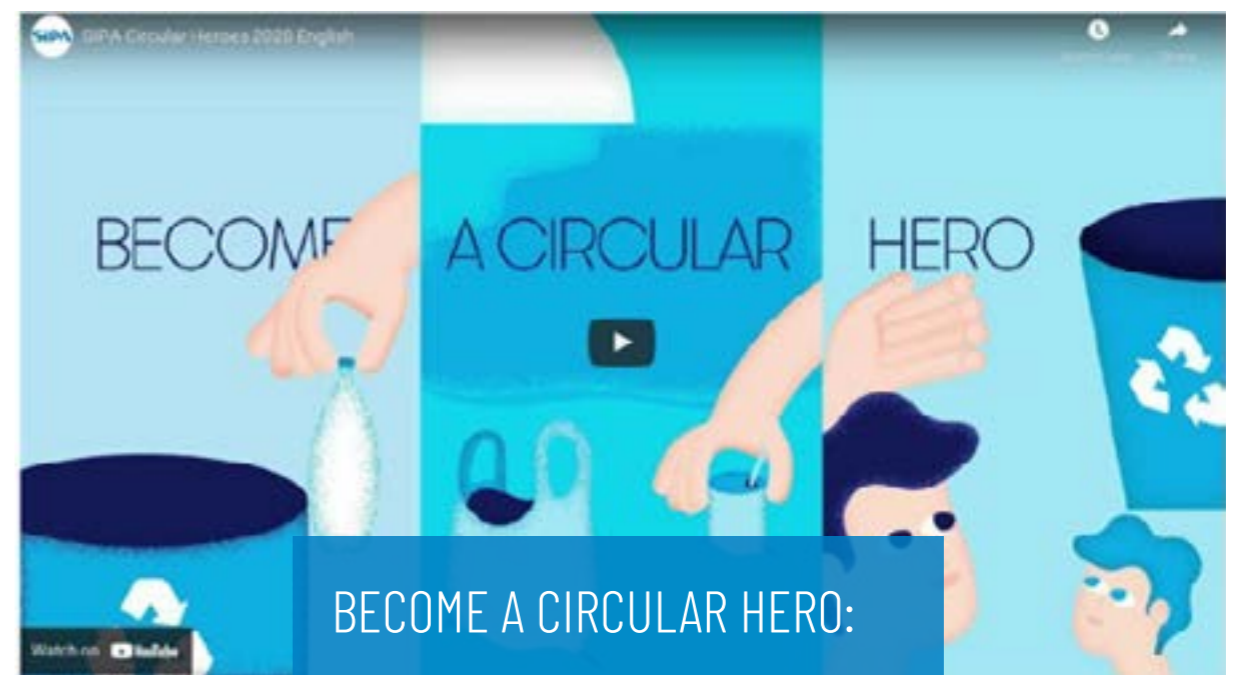
In 2016 the Zoppas Industries Group joined an intercompany consortium formed to create a structure of childcare services (nursery school and pre-K). The initiative is an example of collaboration between the company and the local needs, making an industrial district located between Conegliano and Vittorio Veneto (TV), not only a zone devoted to productive activity but one that is more and more integrated in the life of the community.

The Zoppas Industries Group, in pursuit of a policy of support to the families, has decided to become an active partner in this initiative by means of a concrete signal, contributing to the payment of the monthly cost of childcare services.

SIPA

SIPA is engaged in spreading the message of sustainability, also via the media. Social network pages have been created to encourage the correct use of plastic by end consumers. SIPA has a mission: we must stop living on the credit of our planet and of the future generations.

SIPA is moving away from a system of linear consumption that is no longer sustainable, and entering **a future that will be 100% sustainable.** Like buyers, workers and normal citizens, it too has a duty to make the right choice now for those who will live in the future. The solution is already in SIPA's hands: it's called recycling and it is the real engine of the circular economy.



BECOME A CIRCULAR HERO:

Project for heightening awareness of virtuous behaviour toward the circular economy.

www.youtube.com/watch?v=Syq34Lw7pKc
www.facebook.com/CircularHeroes/
<https://circularheroes.sipasolutions.com>
https://www.instagram.com/circular_heroes



ZIHET

In 2020, Zoppas Heating Element Technologies contributed to a fundraiser for The Kids' Cancer Project which is an independent national Australian charity that has been supporting childhood cancer research since 1993

SIPA believes in the young. The relations between SIPA and the schools and universities are continuous and constant and aim to bring students to the company through the realisation of projects that contributed, on the one hand, to their technical knowledge, appealing to their curiosity and preparing them for a future more rapid and profitable inclusion as new employees.

In spite of the impossibility of participating in university career days because of the COVID-19 emergency, in 2020 SIPA could report **a solid and fruitful cooperation with local schools** that allowed it to continue with farsighted persistence its "Pathways to Wide-ranging Skills and Orientations" (these were formerly projects alternating classroom lessons with on-the-job training).

SIPA also maintained its **contacts with the universities**, offering internships, collaborating on thesis projects and participating in every other initiative introducing students to the world of employment (such as projects in collaboration with the Turin Polytechnic Institute as part of its Master programme in Packaging Design, which was sponsored by SIPA and offered internships at its Vittorio Veneto (TV) site).

Unlike previous years, in 2020 (before the emergency began) it was only possible to organise a few meetings for students of the local schools and university campuses. It was an important opportunity for presentation of the company and meeting with students, where they could form an impression and gather some general information about SIPA, its products and processes, and take a guided tour of the production departments.



"SIPA is entering a future that will be 100% sustainable."



PROTECTING CUSTOMERS

The Zoppas Industries Group guarantees respect of the standards for the sector such as Regulations and Directives. In addition, the Group complies with the requisites expressed by the client, when given the list of restrictions on the use of certain materials in production.

ZIHET

Zoppas Industries Heating Element Technologies undertakes to maintain its position as an **eco-friendly company** in accordance with the international regulations established for environmental protection, as well as all the safeguards for the clients and users of its products. Conformity is maintained through various methods and guidelines described in the company's functional specifications.

EC REGULATION no. 1907/2006 "REACH"

The products supplied by Zoppas Industries Heating Element Technologies contain **no substances that could be released under any reasonably foreseeable normal conditions of use**. ZIHET has decided that the products it supplies will not contain more than 0.1% of SVHC by weight/weight concentration. If this is not technically feasible, we undertake to inform the client. Zoppas Industries Heating Element Technologies is always in touch with its suppliers to ensure conformity with the REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals) through management and auditing of their supply chains.

DIRECTIVE 2011/65/UE "RoHS" (Restriction of Hazardous Substances)

The products listed in the categories flagged by the Directive 2011/65/UE comply with the RoHS (Restriction of Hazardous Substances) directive. Zoppas Industries is aware of the updates to directive (UE) 2015/863, and gathers information from its suppliers to ensure the conformity of its products within the terms indicated by the directive.

Restriction of materials listed by the client

Zoppas Industries Heating Element Technologies has developed a specification that defines the methods of receiving and applying the requests of its clients with regard to Restricted Material Lists (RML) and the like, defining the duties and responsibilities connected with complying with special demands of the client relative to hazardous substances used in the products manufactured.

SIPA

According to the **PRINCIPLE OF PRECAUTION**, SIPA deems it essential to ascertain the presence of potentially **hazardous substances** in production and in the use of the product, **eliminating their use**. These are listed in the category SVHC (Substances of Very High Concern), for which certification is required, also from suppliers. For SIPA, compliance with the standards, with Directive 2006/42/CE (the Machinery Directive), and PED (Pressure Equipment Directive), MOCA (Materials and Objects in Contact with Food), FPM-FDC (certificates of conformity for contact with food), REACH (Registration, Evaluation And restriction of Chemicals) is declared and given to the client with the documentation containing the results of the laboratory tests, and test reports by the certifying bodies for the relative machinery. SIPA has obtained the certificate relative to Life Cycle Assessment on its production of preforms for PET containers for liquids according to the standards ISO 14040:2006 and ISO 14044:2006 valid until June 2022.

Digital transformation and remote servicing

Despite the difficulties caused by COVID-19, SIPA has always been operational and ready to provide a **high level of service to support its clients during this emergency**, through its local networks, remote help desks and remote service for the resolution of problems. To remain close to its clients during the pandemic, SIPA implemented a number of initiatives to overcome the limits on travel imposed to reduce the spread of the coronavirus, developing a remote approach for the installation of machines and systems. In 2020, SIPA also worked to implement its **digital transformation**, thereby adding to the services offered to provide regular ASSISTANCE to its clients. One of the cornerstones of the service area is the ECHO platform, the digital ecosystem that collects data and information from the machines and shares the data exchanged between SIPA and the client in a perfectly transparent manner. This service is customised for the machinery installed by SIPA and is geared to the type of product installed and to the production needs of the client.

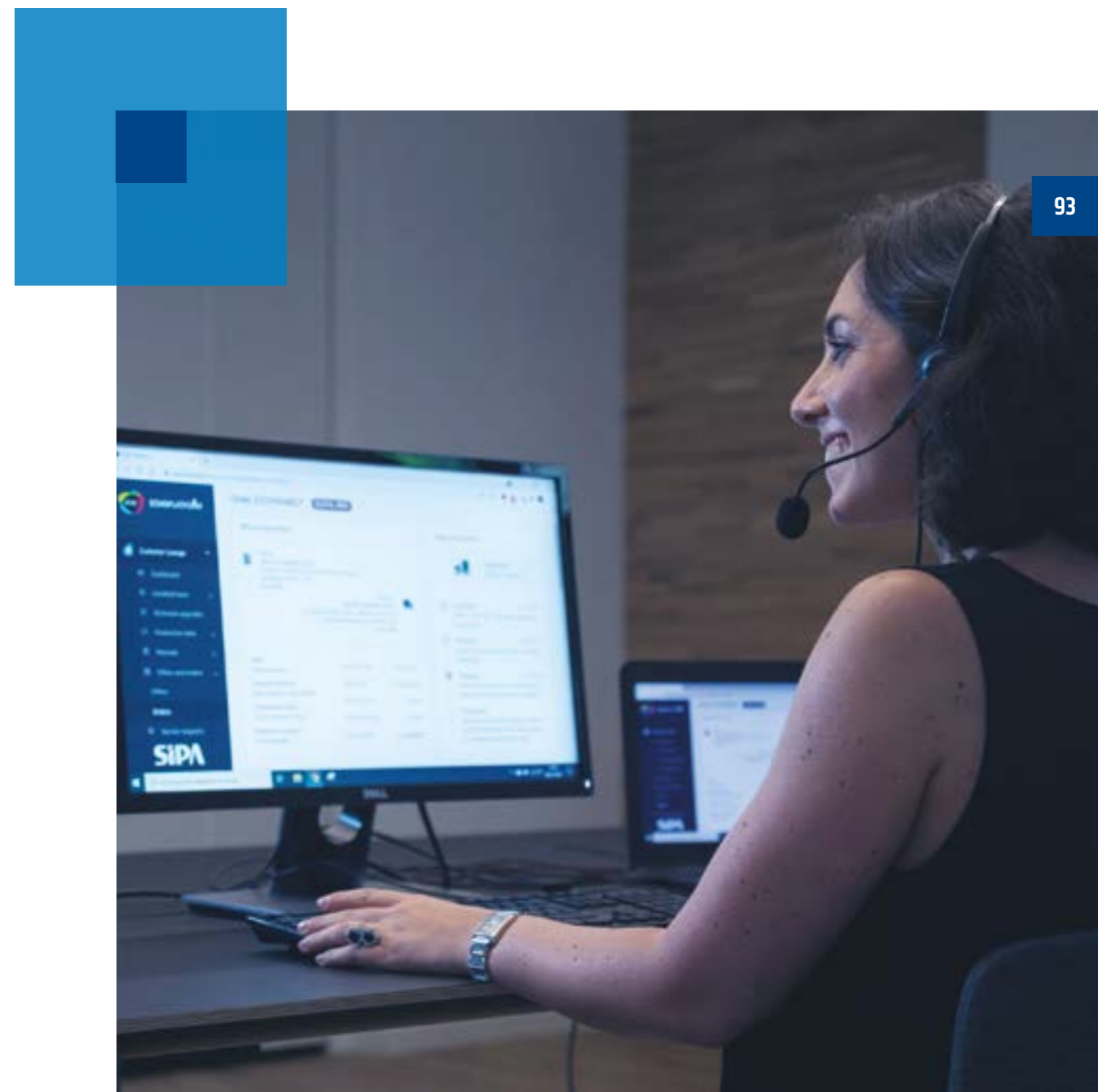


EASY. CONNECTED. HUMAN. OPEN

SIPA has a platform for remote customer interaction and support, the **ECHO PLATFORM**.

By sharing the machine data, the ecosystem is able to profile its users to suggest the necessary tune-ups that will enable them to meet their production targets, such as maintenance operations, technological improvements to apply to the machines, or new products, in addition to ensuring traceability and visibility of all the offers requested and received, intercepting problems on the machine and requesting servicing, as well as having online user manuals always available, with spare parts lists pre-loaded to optimise the supply of parts.

Users can easily find all the information they need to solve every problem with a click in the fastest, most efficient way possible: the dedicated and customised consultancy of SIPA, that listens to the client's voice and is ready to satisfy their needs.





INSTITUTIONAL AND ASSOCIATED PARTNERS

The Zoppas Industries Group has always been **on the front line of innovation**, and collaborates constantly with universities, research institutes and environmental association, creating and maintaining important synergies.

ZIHET

ZIHET can count on a network of public and private partners in order to participate actively in the evolution and innovation of its reference market.

SIPA

SIPA belongs to **a number of associations**, including the Foundation for sustainable development as well as the Circular Economy Network, all engaged in promoting the development of the circular economy in Italy. SIPA provides economic support to associations engaged in initiatives and activities in favour of sustainable development:

- **Legambiente:** is one of the most widely known and historical non-profit associations, supported by citizens and volunteers.
- **National ECOFORUM conference:** SIPA was a partner in the realisation of this event on the circular economy of waste.
- **Foundation for sustainable development:** sponsor for the initiative “Italy Recycles”.
- **“10 Rivers 1 Ocean” by Alex Bellini:** a project in which the explorer Alex Bellini navigates the ten rivers most polluted by plastic to heighten awareness and respect for the ecosystem of waterways

ZIHET POR-FESR PROJECT FOR INNOVATION

In 2020, ZIHET participated in the GOTHEM project (Global House Thermal & Electrical energy Management for efficiency, lower emissions and renewables), financed by the European POR-FESR funds. The GOTHEM project aims to accelerate technological innovation in support of energy transition, meeting certain important challenges relative to the energy environment such as the massive use of renewables, technological development of energy efficiency, innovation for economical heating and cooling with zero emissions, the development of efficient accumulation batteries and systems, integration of control and management toward a world of smart grids.

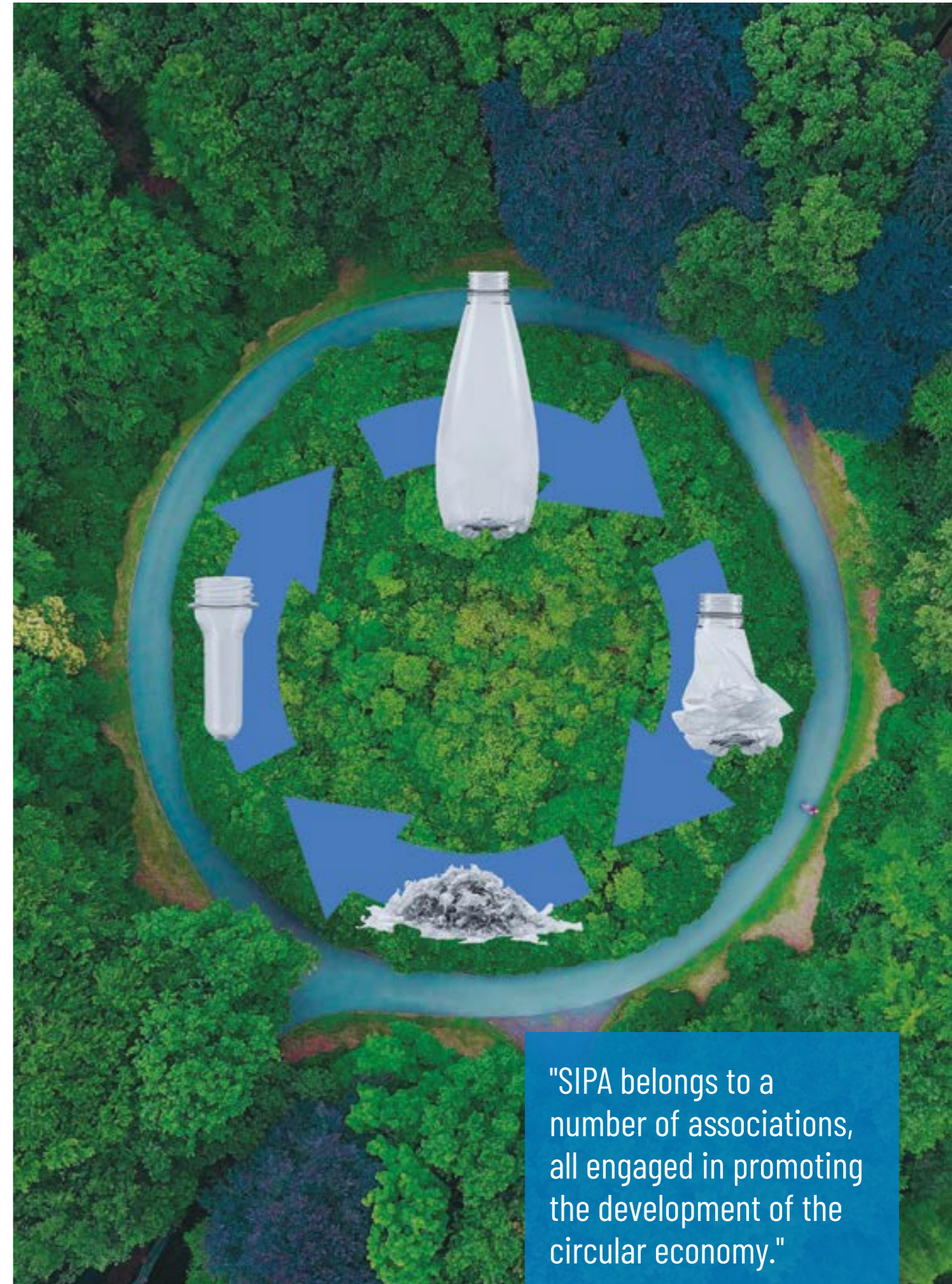


ZIR RELATIONS WITH THE UNIVERSITY

In 2020 ZIR collaborated with the university to offer jobs to new students. In particular, it sponsored the university programme "Employability and Talent Management in the Digital Era", at the University of Timisoara.



"SIPA belongs to a number of associations, all engaged in promoting the development of the circular economy."





SUPPLIERS

The suppliers are a fundamental partner for the activities of the Group.

The Zoppas Industries Group is committed to:

- developing a **supply policy** that reflects its strong engagement with sustainability, with the ambition of being a powerful activator of economic inclusion and of recognition of those suppliers who promote the best practices of sustainability and who obtain the best results with the sustainable conduct, with particular regard to respect for human rights, ethics and the standards of the profession, health and safety in the workplace and environmental safeguards.
- Establishing processes of **two-way communication** with suppliers, commission plants, contractors, corporate partners and other stakeholders in the chain of value and of supply on the subject of sustainability and its most significant aspects.
- Encouraging in all the resources employed in the procurement process the awareness of the importance of **sustainable development**.
- Finding **innovative solutions** for goods and services with the application of approaches and methods of evaluation like life-cycle costing, and systems based on the principles of the circular economy.

The lines of intervention to optimise logistics on the subject of the reduction of CO₂ emissions are common to the Group and find concrete application in the following points:

- **Use of green oriented partners**
- **“Milk run” suppliers:** MILK RUN is an “extended factory” concept based on the tradition - in the past century - of delivering milk in glass bottles that were collected empty for reuse on the occasion of every delivery of new full bottles. In current industrial practice, certain departments in the company are in the plant while others are assigned to commission companies, specialised producers and co-packers who produce or assembly parts that are then merged correctly into the finished product assembly line. These are managed in Milk Run mode, not only with suppliers and commission plants located near the company (generally within 20-30 km) but even when they are farther away (over 100 km).
- **China-Europe transports:** intensify the use of the service via train rather than air or ocean freight.

ZIHET

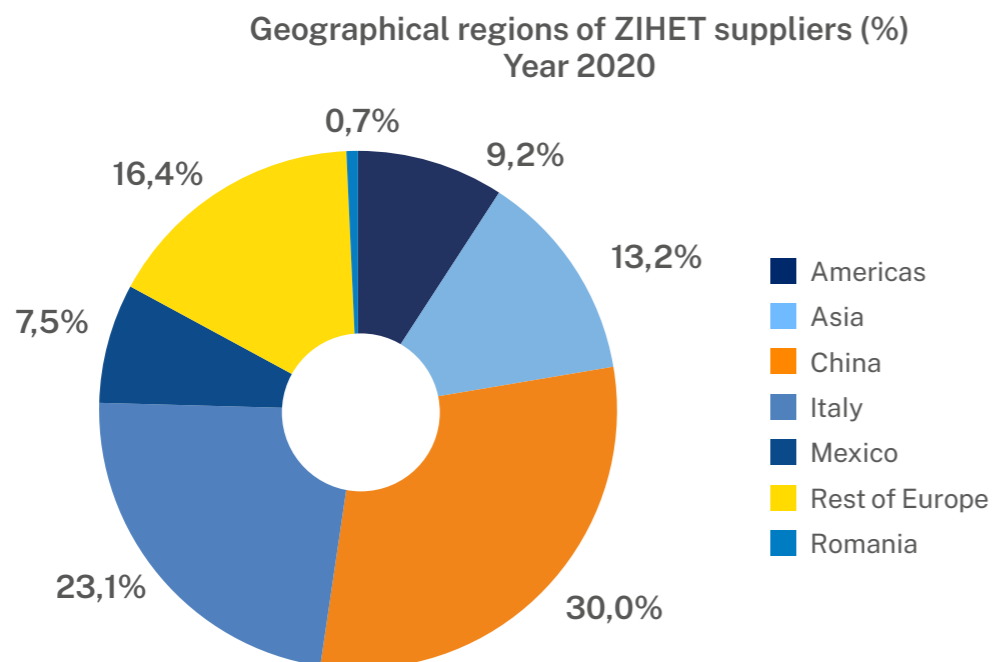
In 2020, several initiatives were realised with the aim of improving the quality of the work and taking advantage of the company's resources in the purchasing sector. The goal is **to create shared processes and structures**, by increasing the skills of the resources involved, so as to optimise the quality of the work done and achieve excellent results.

ZIHET, in accordance with the policy lines of the Group, the company undertakes to recognise those suppliers who apply the best practices of sustainability. In 2020, a process of approval of all suppliers was introduced for the areas around the ZIHET sites in **Europe, China and Mexico**, which will be further expanded in 2021. ZIHET asks its suppliers to agree to certain social criteria, also allowing the possibility of documentary audits.

In 2020 ZIHET performed a survey relative to direct suppliers of materials (in the EUROPEAN area) certified ISO14001. The result was extremely positive: **42% of the TOTAL turnover purchased in EUROPE comes from ISO14001 certified suppliers**. For 2021 the second stage of this survey will extend to Mexico and China.

ZIHET is committed to improving its load factors for flows that involve Italy, Romania, Serbia, Russia, Mexico and China with a process of organisation begun in 2020 and scheduled to end in 2024: increasing the saturation of the vehicles involved, reducing the number of trips, the cost and the CO₂ emissions.

The geographical location of ZIHET's suppliers is as follows:



SIPA

On the subject of sustainability, SIPA has defined a series of initiatives with **the aim of improving the involvement** of its suppliers which have already been implemented in some cases, and in others are in the stage of definition and implementation.

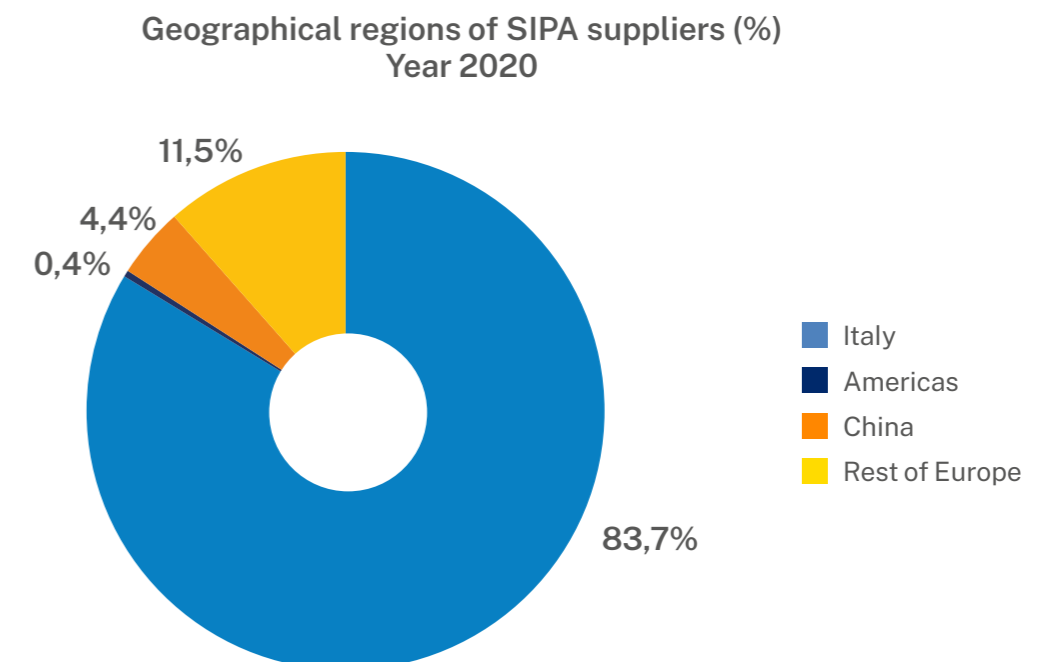
Specifically:

1. The most important suppliers are involved in the project in respect of the General Supply Conditions of Supply Contracts, which cite the principles of the Organisation Model and Ethics Code or, in any case, in signing the Ethics Code - the mapping for 2020 is shown below;
2. All those suppliers who offer, also or only, contract services, must also provide a series of documents confirming respect of the laws and principles on the subject of labour practices and human rights.

In all its relations with suppliers, SIPA has added a contractual clause relative to respect of the SIPA code of conduct, to be considered an integral part of the contract, available at the link shown in the contract, and that SIPA required signed.

Mapping of Suppliers (Sales in 2020 > 5,000 €)	
% Sales by suppliers with signed SIPA Ethics Code	80%
% Sales by suppliers with signed SIPA CGF + Ethics Code	70%

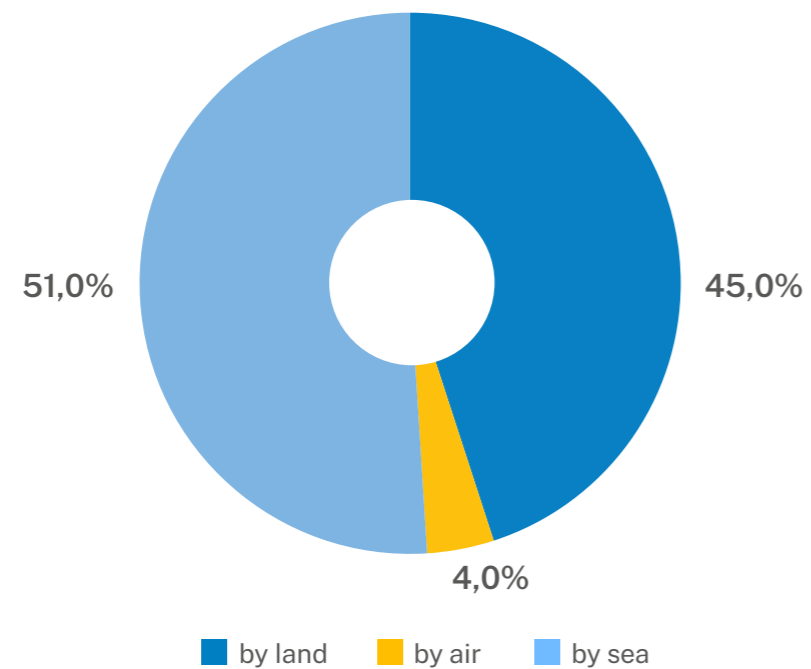
The following is the geographical distribution of suppliers in 2020:



Shipping/Transport is an aspect that mainly concerns deliveries to clients of large installations. This is usually done by sea for long distances (with lower impact) rather than by truck or air, which are only used for shorter distances or to ship parts. The distribution, in terms of weight shipped, depends on the type of products sold and the location of the client. For 2020 it was as follows:

Shipments to clients (%)		
	2019	2020
By sea	66.0%	51.0%
By land	21.0%	45.0%
By air	12.0%	4.0%

SIPA goods transport (%) - Year 2020



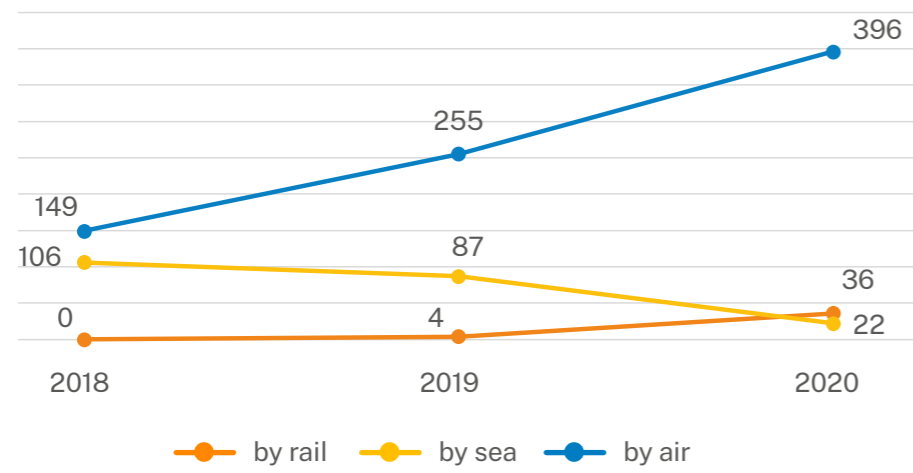
On the Italy-China route, SIPA is committed to intensifying the use of train service rather than air or sea, with benefits confirmed by the data shown in the table relative to the main rail line:

ROUTE	MODE (Transport by Volume/ 40" box weight)	Ton CO ₂ e (WTW)	Ton CO ₂ e (TTW)
Hangzhou, China Vittorio Veneto, Italy	Option "A" - (by air)	71.11	58.26
	Option "B" (by sea)	1.20	1.08
	Option "C" (by train)	3.90	0.07

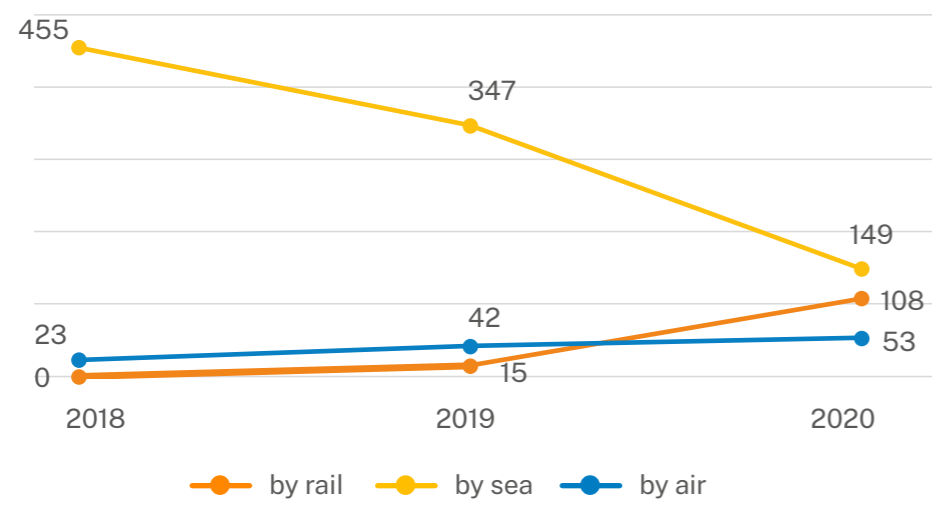
	Train		Sea		Air	
	No. of shipments	Ton	No. of shipments	Ton	No. of shipments	Ton
2018	0	0	106	455	149	23
2019	4	15	87	347	255	42
2020	36	108	22	149	396	53

Regarding activities of incoming transport, SIPA uses green oriented partners and the Milk Run method for local suppliers. According to a system in place for several years now, the milk run covers flows with outside suppliers in the provinces of Treviso and Pordenone in Italy.

Number of SIPA shipments - Years 2018/2020



Tons of goods shipped by SIPA - Years 2018/2020





11

ENVIRONMENTAL PERFORMANCE

ZIHET

Aware of the impact that its activities can have on the environment, since 2003 ZIHET has used an **environmental management system developed and certified** according to standard ISO 14001, expanding the body of procedures year by year, along with registration and documentation associated with the system, that has become an integral part of the company.

In addition to the main guide contained in the policy for quality and the environment, the environmental management system aims, in particular, to achieve the goals of:

- Reducing emissions of pollutants into the air, water and soil.
- Limitation of the use of natural resources.
- Greater use of recycled and recyclable materials.
- Sorted waste collection and more extensive reuse of materials.
- Optimisation of production processes to reduce process rejects.
- Heightened awareness and education of human resources in environmental respect inside and outside the company.

During 2020, the General Management decided to **extend the system of management** according to the standard ISO 14001 to all its plants in **Romania, China, Mexico and Serbia**.

These goals apply specifically to activities in the R&D and New Product Development areas, where the goal is - also on the basis of the commitments undertaken in the 2019 edition of the Sustainability Report - to pursue sustainable design through the logics of Designing for the Environment. In particular, this translates into two macro-objectives:



THE COMMITMENT OF ZIHET ON THE SUBJECT OF EFFICIENCY

ITALY

With regard to 2020, the activities carried out by the Group in a view of **reduction of energy consumption** in the Italian plant involved:

- Optimised compressor management;
- Optimisation of on/off management of systems linked to particular times and shifts;
- Optimisation of the ovens in Rica plant (one of the Italian plants in Vittorio Veneto, Treviso);
- Modifications of compressed air systems to reduce compressed air leaks.
- Purchase 100% of electricity from renewable sources.

CHINA

During 2020, activities in China focused on the elimination of compressed air leaks and measures to make the Chinese plant more efficient, which enabled the company to save 193.4 tons of CO₂eq.

The enhanced efficiency of hydraulic pumps made it possible to reduce water consumption from 100,000 MI to 50,000 MI (millions of litres). Other activities involved changing certain materials used for electrical tests. The materials used originally in the test probes consisted of copper only; this was replaced by a system using a mixed structure of tungsten and copper. This increased the durability of the probes to 8 months, while the previous type had only lasted an average of one month.



Among other initiatives was also the provision of equipment for the production of nitrogen: in this way the plant is able to produce 75% of its requirement itself. Initiatives tending to reduce energy consumption included: systems of heat recovery, in particular from diecast aluminium kilns and also from compressors. The heat recovered was used to heat the offices, dormitories, hot water for the cafeterias, using the heat exchange circuits. During 2020, the company also implemented FMS (a system of facility management control).

ROMANIA

In its Romanian plant, the Group invested in **modernising a number of machines, introducing new technologies** that will enable the plant to stop the machinery automatically when not in use. Over the last few years, plant illumination has been gradually upgraded, replacing the fluorescent and mercury vapour lamps with more energy-efficient LED lamps. LED lighting covered 80% of the illumination by 2020.

Another initiative to improve energy-efficiency was connected to inspection of the compressors to identify and repair compressed air leaks. One of the goals for 2021 was also to install systems for recovery of the heat generated by the compressors. The Group is examining the possibility of installing a photovoltaic system that would be able to produce over 1 MWh/year.

MEXICO

In Mexico, the group has carried a number of inspections to locate all the compressed air leaks. Activities of maintenance and repair covered 73% of the total leaks, significantly **reducing energy consumption**.



ZIHET: PAPERLESS PROJECT IN THE BUSINESS UNIT SUPPLY CHAIN

A new application transforms the flow of signatures on delivery documents (Delivery note e Packing list) into a leaner, more efficient and green-oriented process. Delivery documents that were formerly filed in our archives, and the signatures applied on them by the shipper on taking possession of them will, in the future, be managed digitally and no longer on paper.

The main results of this change will be:

- reduction of the number of signatures collected by the shipper;
- reduction of the number of documents filed in hardcopy format.

The expected benefits are as follows:

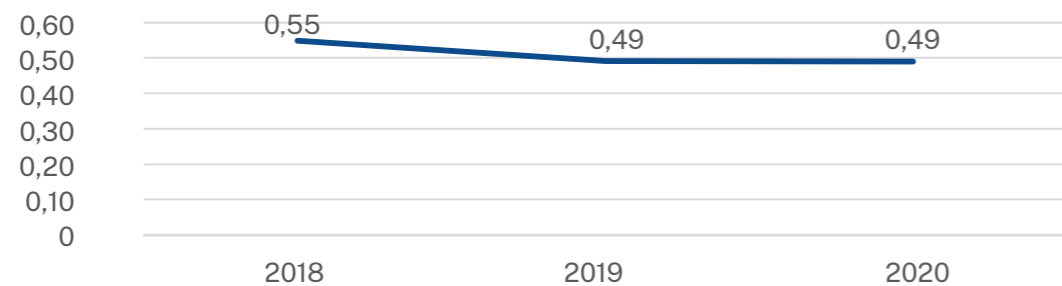
- reduction of the number of documents printed;
- reduction of paper consumption, estimated at 100,000 sheets/year > 1.3 trees annually (source "Focus");
- reduction of the consumption of toner for our printers;
- reduction of spaces and cost of filing hardcopy documents;
- acceleration of the process of getting documents signed;
- acceleration of the process of locating documents after they have been filed digitally.



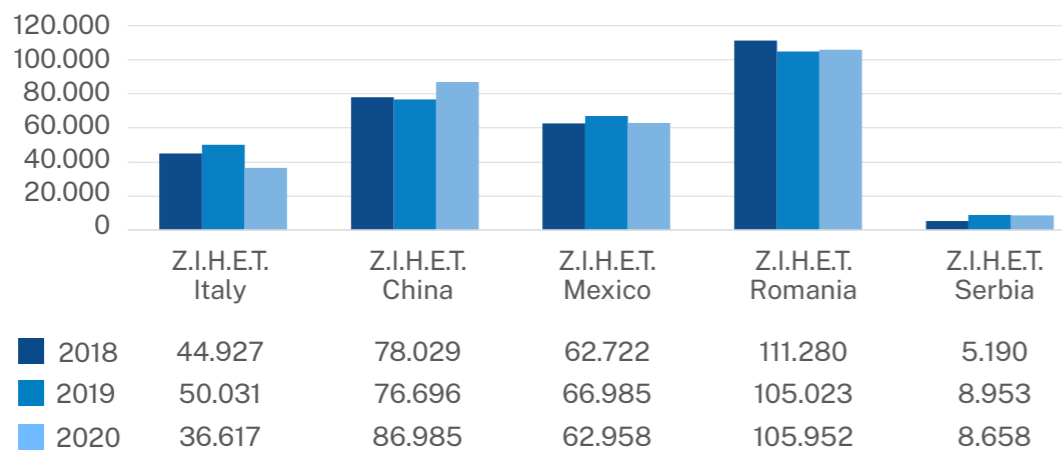
Electrical energy

Energy consumption is a significant factor for the Group's business, both as regards heating elements and as regards systems for the production of packaging. Over the years, all the Group's plants have experienced significant increases in the **use of technologically advanced industrial equipment** and have optimised and improved their management of existing systems, with a view to reducing energy consumption.

ZIHET Electricity consumption report (GJ)/k turnover
Years 2018 - 2020



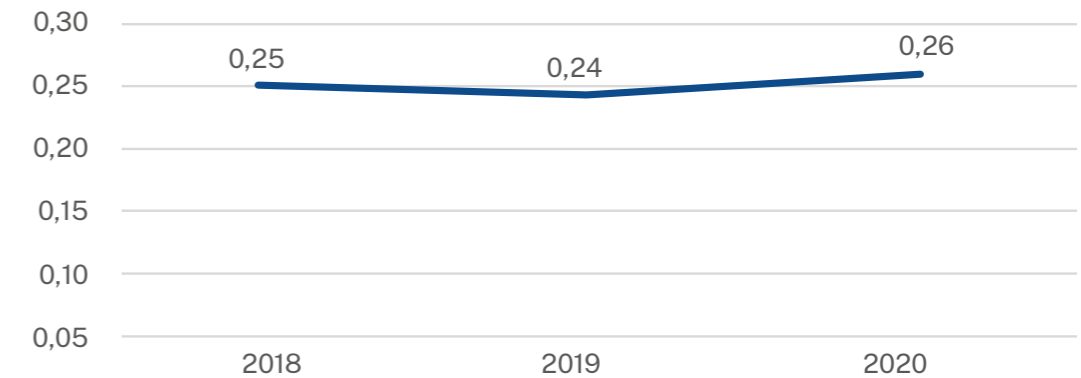
ZIHET Electricity consumption by location (GJ)
Years 2018/2020



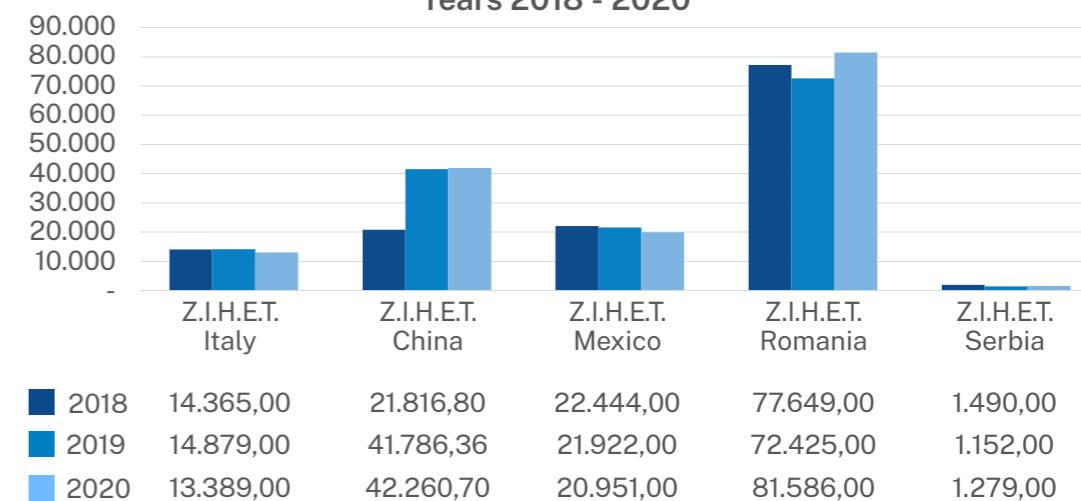
Natural gas

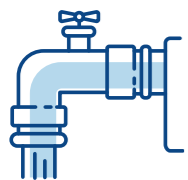
For Italy and Mexico there was a **decrease in the consumption of natural gas**, also consequent to the slowdown due to the pandemic. For other sites, the consumption of gas in 2020 increased over 2019, consequent to changes in organisational factors and increased production, as for example in the case of Romania with the introduction of new production kilns and the operating of new production departments that increase the consumption of gas.

ZIHET natural gas consumption (GJ)/k turnover
Years 2018-2020



ZIHET natural gas consumption by location (GJ)
Years 2018 - 2020

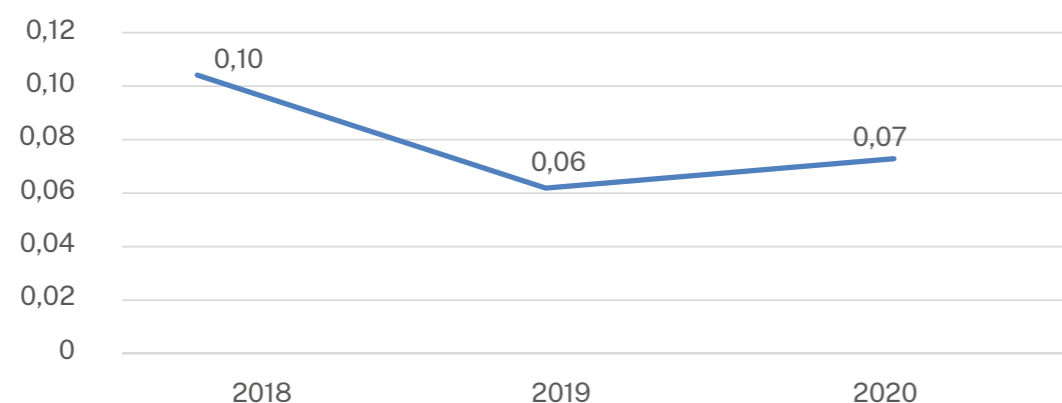




Water consumption

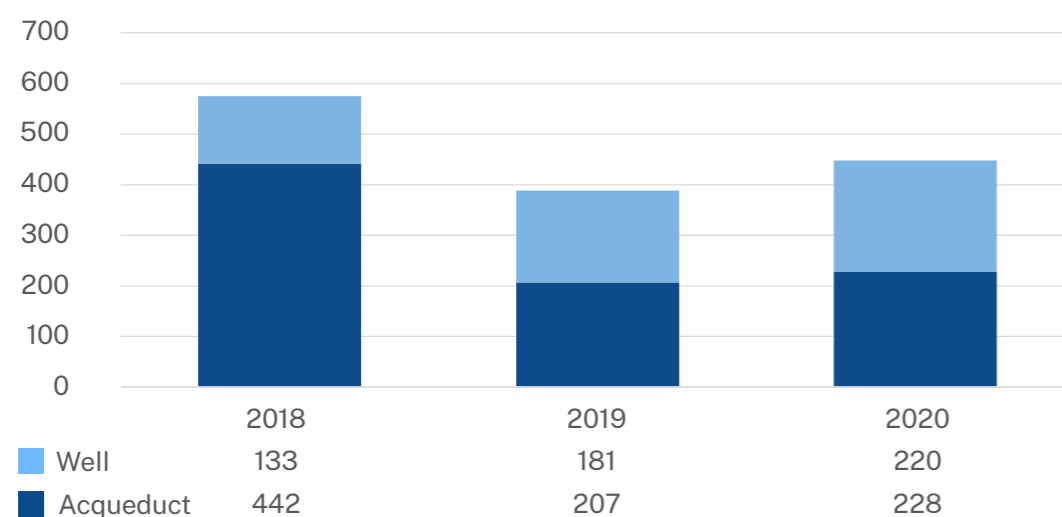
Water supplies for ZIHET derive mainly from the municipal aqueducts, mainly for residential uses, while water for technological uses such as cooling machinery and firefighting equipment derives from wells. This latter portion increased significantly in the last three years, with a **proportional reduction in consumption of water from the aqueducts**. Some plants have also introduced technologies for the recovery of water used in production processes. This has led to a reduction in consumption, in both relative and absolute terms.

Water withdrawals (ML)/turnover
Years 2018 - 2020



Total consumption decreased significantly in the three-year period 2018-2020, with a simultaneous increase in the consumption from wells with respect to aqueducts. The increased consumption of water in 2020 was mainly connected to increased cleaning of the premises made necessary by the COVID-19 emergency.

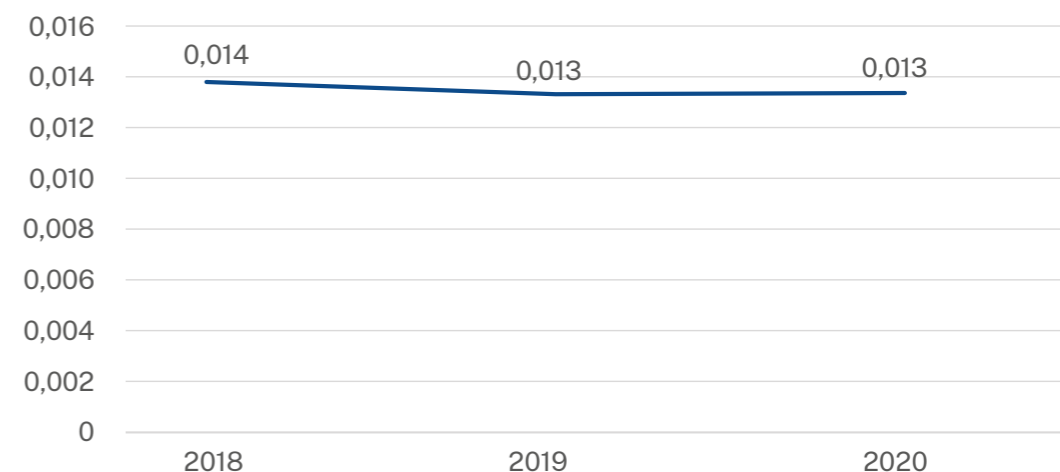
ZIHET group water withdrawals (ML)
Years 2018 - 2020



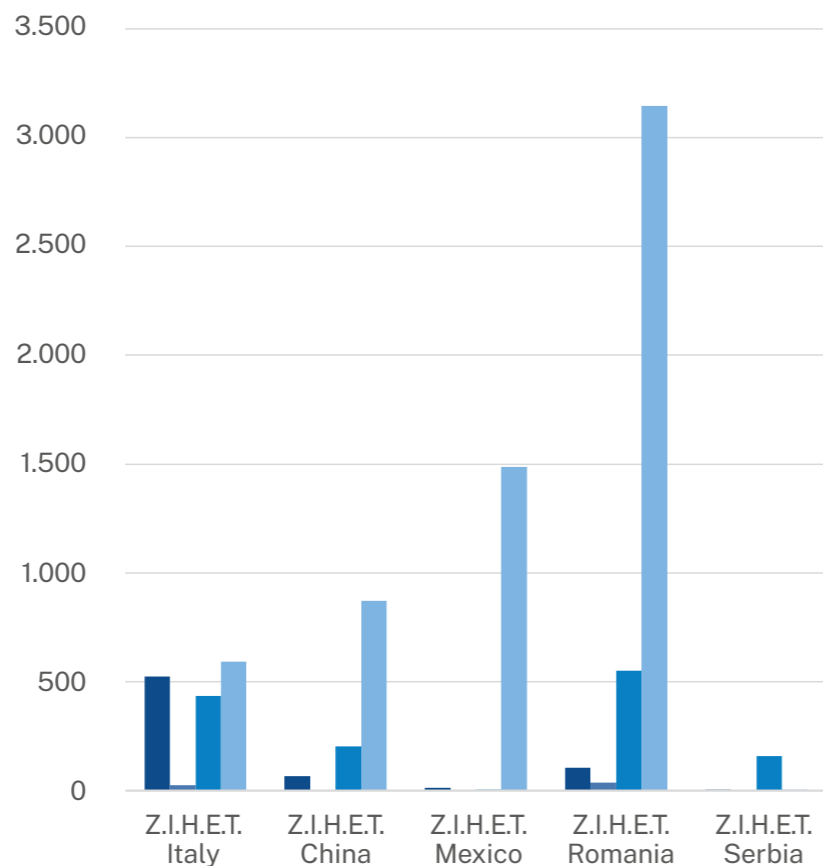
Waste

ZIHET uses special ledgers and databases **to perform constant monitoring of the volume of waste produced by all its plants** to ensure that they are complying with the legal requirements and relative requisites of storage. In particular, it has implemented procedures that describe the processes of collection and management applied by the Group. The procedures define in detail the operating instructions and responsibilities in the process in order to guarantee respect of the standards and adequate disposal of all waste, privileging forms of recycling and recovery. The main waste materials generated by the Zoppas Industries Group are iron and other metal scraps in general. There are small quantities of plastic, packing materials and used oil, absorbent material and rags, sealing resins. The following table provides the statistics on waste taken to landfills, recovered or recycled.

Waste produced (t)/turnover
Years 2018 - 2020

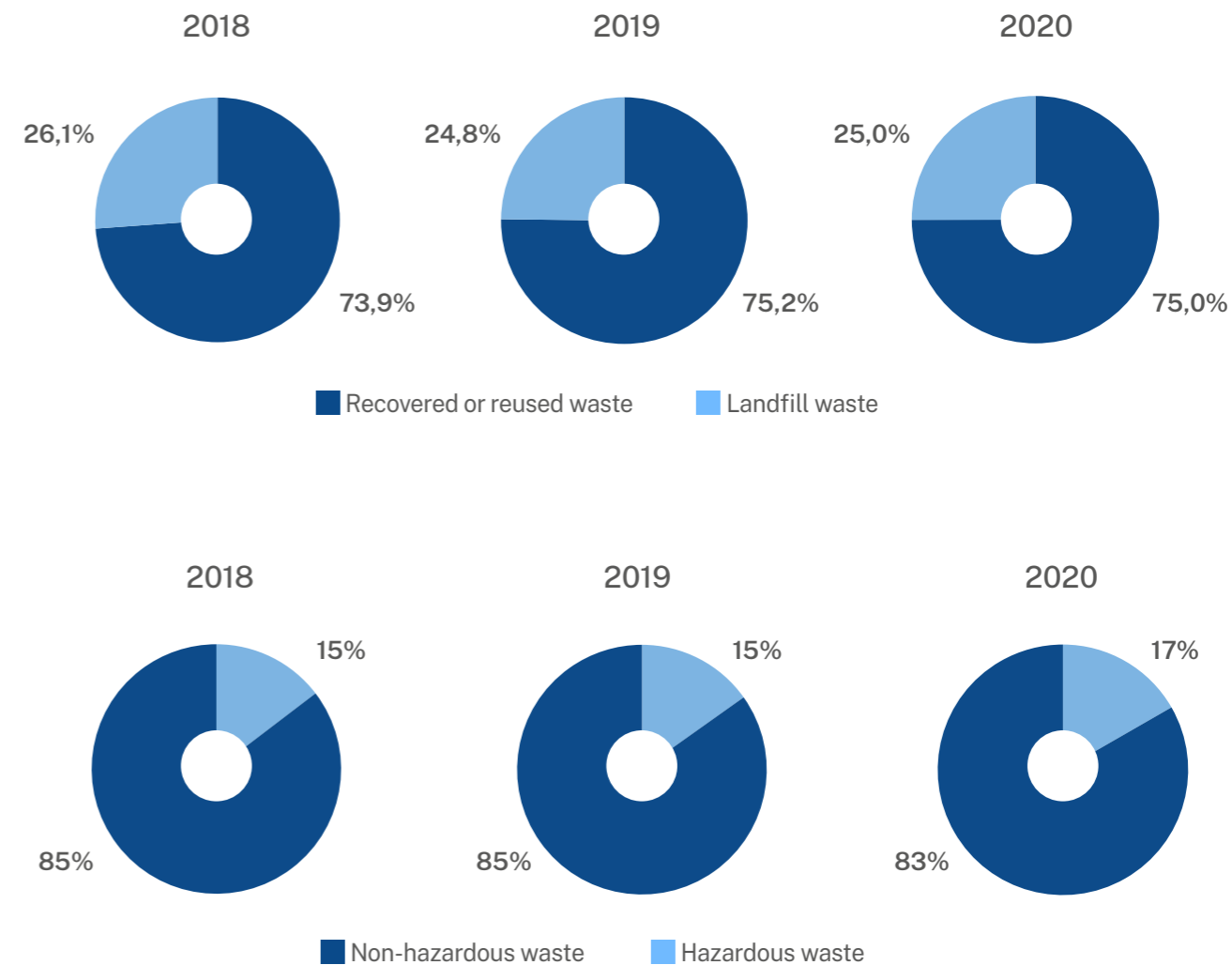


ZIHET waste produced (t) - Year 2020



■ Hazardous waste in landfill	522,6	65,9	13,7	104,1	1,8
■ Hazardous waste recovered or reused	25	0	0	34,9	0
■ Non-hazardous waste landfilled	435,2	202,3	2,4	549,2	156,6
■ Non-hazardous waste recovered or reused	590,6	871,2	1.487,4	3.144,5	0,2

In Italy, the group has decided to invest heavily in regenerators of ferric chloride. These systems have enabled the group to reduce the production of ferric chloride by 31.9 % with respect to 2019 and to reduce it by 2.1% in relation to hours worked. In the Italian plant, the ratio between waste produced and waste recycled has also increased by 27% since 2019.



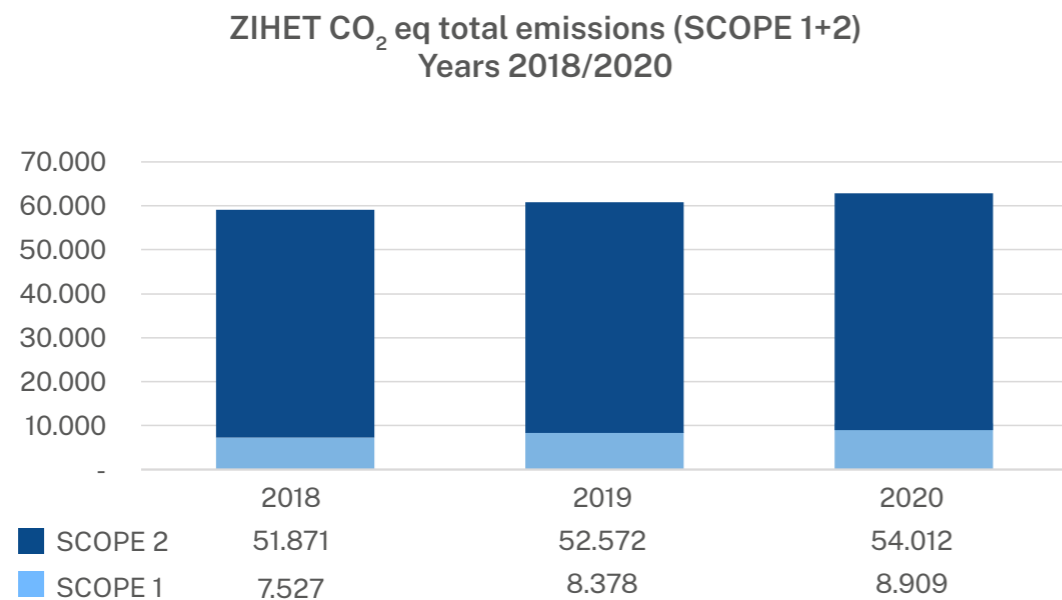
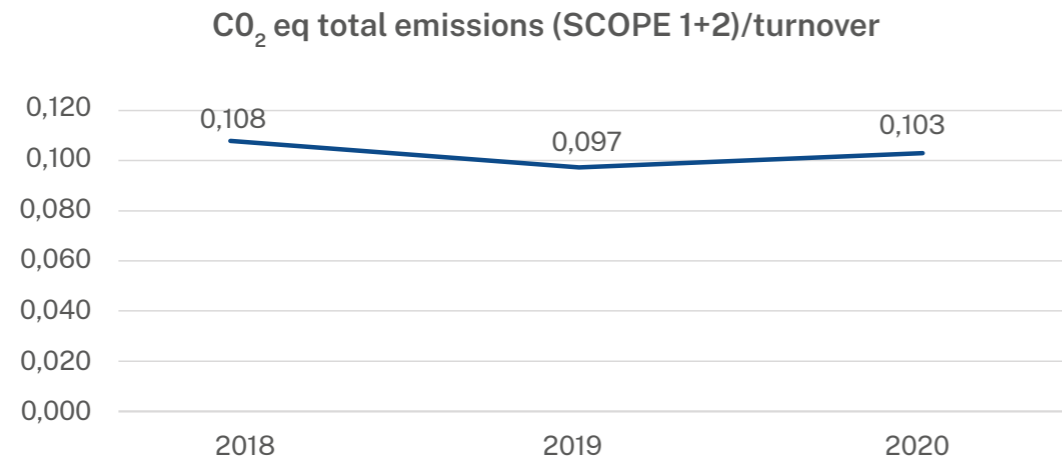
Carbon Disclosure Project and CO₂ equivalent emissions by ZIHET

In its position as a supplier of leading companies in the automotive, household appliance and aerospace industries, in the naval and railroad sector, the Group participates in the CDP (Carbon Disclosure Project), created by a non-profit organisation to manage the system of global publication for investors, businesses, cities, countries and regions with regard to management of their environmental impacts. Starting from 2018 this organisation has provided accountability for performance in terms of the carbon balance: it measures CO₂ emissions as well as those of other greenhouse gases.

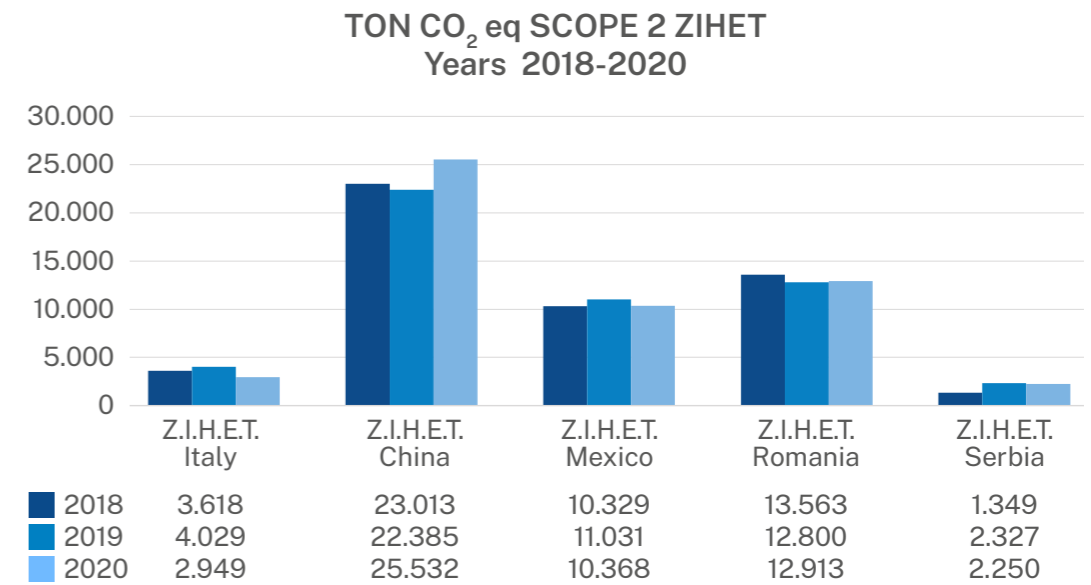
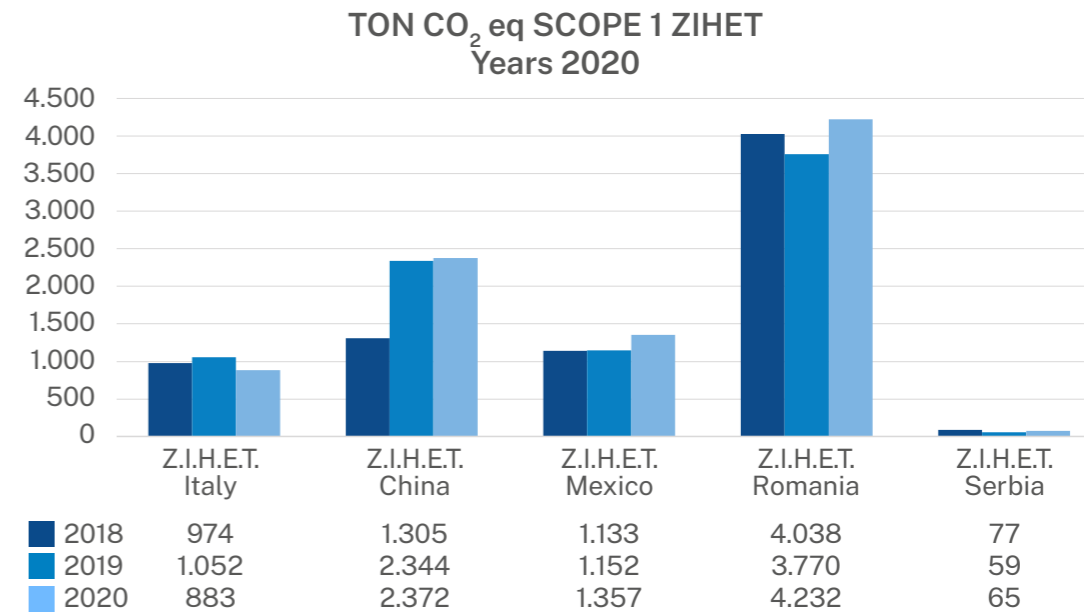
The project is divided into 12 sections that cover the various areas of governance, risks and opportunities linked to climate change, strategies, targets and performance, methods of calculation and disclosure of emissions data, detailing of emission sources, energy, additional metrics, possible audits and assurance, carbon pricing, engagement and an additional form relative to the supply chain.

The emissions factors used to calculate SCOPE 2 for Italy refer to the factors published by ISPRA ("Factors of atmospheric greenhouse gas emissions in the national electricity sector and in the main European countries - 317" ISPRA 2020). For the plants in Romania, China, Serbia and Mexico the emission factors present on the Ecoinvent 3.7 database were considered.

Regarding the calculation of SCOPE 1, the Italian emission factors published by the Ministry of the Environment were considered (Table of national standard coefficients 2020). Furthermore, in this year fossil fuels were taken into consideration for the calculation of Scope 1.



The increase in emissions of tons of CO₂eq for SCOPE 1 is linked to the fact that production increased in the die-casting department.



Electricity consumption decreased slightly compared to the previous year, as well as tons of CO₂ eq, albeit to a lesser extent since this factor is directly linked to the emission factors of each country where the plant is located.

The increase in consumption in China is mainly due to the change in product mix and the 8% increase in production compared to the previous year.

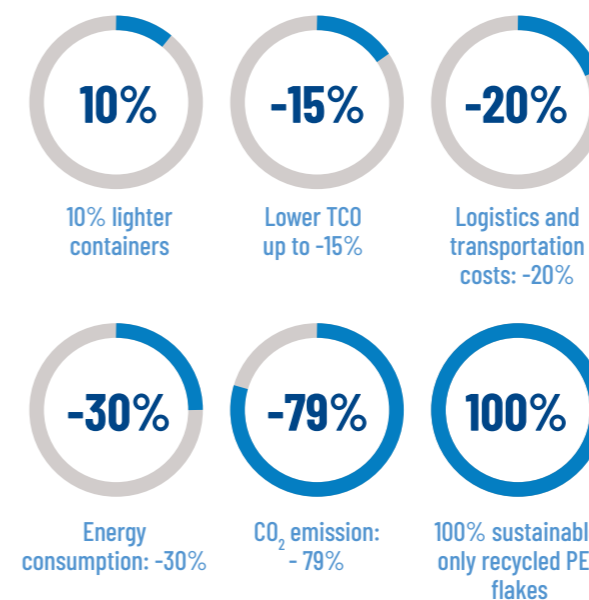
SIPA AND SUSTAINABILITY:

Technologies and actions for recycling in view of a circular economy.

The commitment of SIPA for the environment is continuous, effective and measurable. SIPA has always focused on more reasonable consumptions of raw materials and on energy and water consumptions with **the goal of reducing CO₂ emissions in defence of the environment**. The specialists at SIPA are experts in sustainability, and in their sector they are among the pioneers of the “**circular economy**” approach: they develop and rethink new technologies capable of giving new life to second-hand resources in order to return them to the system. A perfect example of an advanced technological solution for the circular economy is XTREME RENEW, the first system in the world for the production of preforms and bottles for use in the food industry, containing 100% recycled PET, using flakes of bottles in a single production cycle.

This is a highly innovative solution that results in a major reduction of environmental impact: thanks to the company's patented technology, in fact, it is possible to **reuse 100% of the plastic recycled**. In addition, optimisation of the production process for the preforms - starting from flakes of recycled bottles, means energy savings of almost 30% and a reduction of 79% in CO₂ emissions compared with the production of containers using virgin material, and a reduction of 18% compared with the tradition system of production of recycled PET containers using granules. Added to this is a more efficient management of stocks with a reduction of 20% of the storage space.

Benefits of Xtreme Renew for the environment



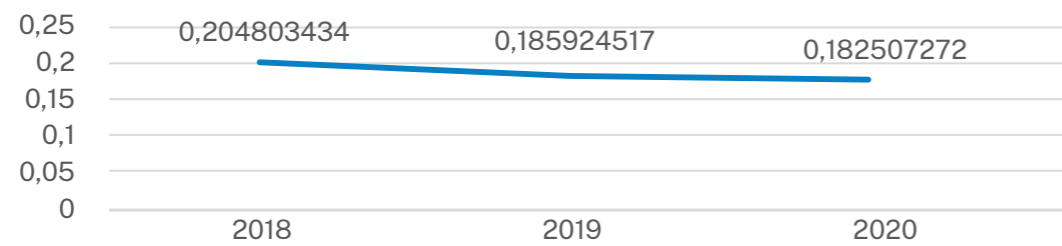
Businesses can contribute to delivering a better world to the future generations, and that is another reason why SIPA developed a modern system like XTREME RENEW that facilitates the application of principles of the circular economy: making finished products thanks to the collection and regeneration of waste material, rather than allowing it to contaminate the environment. In 2020 the Top Management decided that SIPA would have to provide itself with an **environmental management** system in accordance with standard ISO 14001: with that goal, the company undertook a process of harmonisation of its procedures in reference to the requisites of the international standard.



Electrical energy

Electrical energy consumption in 2020 was largely unchanged with respect to the previous year. In 2020 the company responded to the COVID-19 emergency by reorganising its shift work from two to three shifts for some departments. The lockdown was used by SIPA as an opportunity to **check more in detail for hidden waste** and to think about possible alterations and/or new procedures (such as plant domotics) in its two main plants. The current monitoring systems (of consumptions and other factors) were used to the utmost, implementing additional hardware to identify grey areas of consumption, even small ones that, however - over an entire year - add up to significant waste.

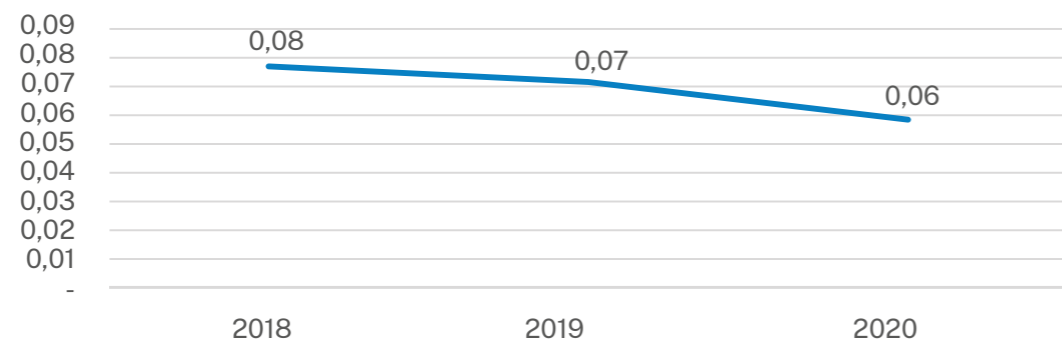
Electricity consumption (GJ)/Turnover - Years 2018 - 2020



Natural gas

The consumption of natural gas in 2020 decreased: during the COVID-19 emergency there was a redistribution of workshifts that led to greater use of the machinery with consequent greater recovery of thermal energy from their processes.

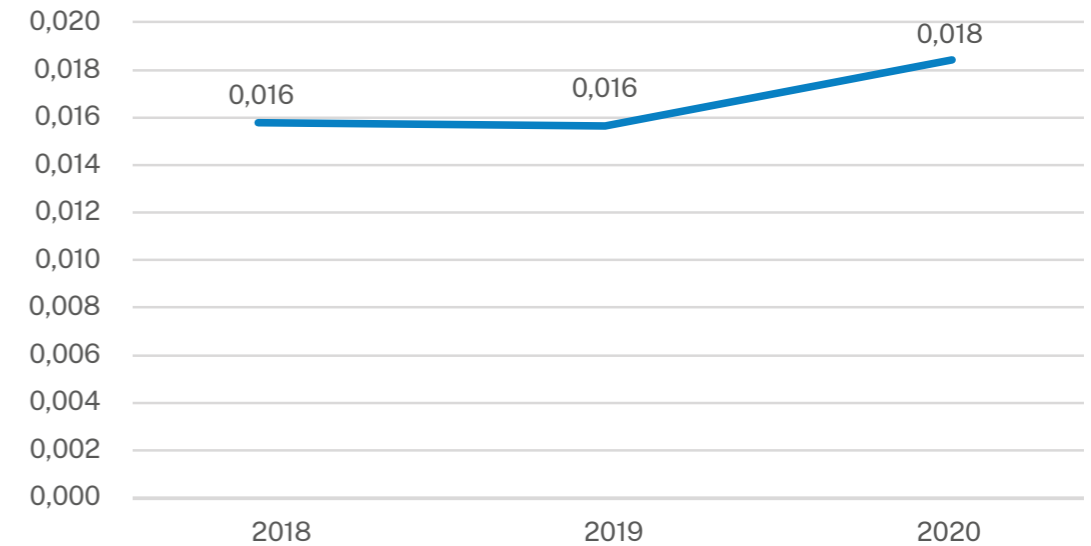
Natural gas consumption (GJ)/Turnover - Years 2018 - 2020



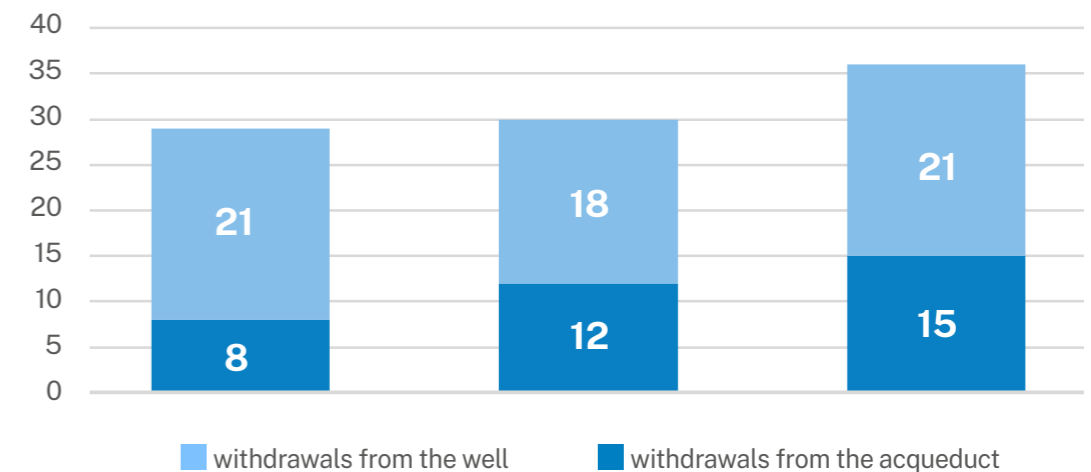
Water consumption

The graph below shows that water consumption was more or less constant during 2018/2019, with an increase in the use of water both from aqueducts and from wells in 2020. This is due to the fact that a higher number of injection machines and single-stage machines was manufactured and tested in 2020, requiring a higher consumption of water in the cooling circuits.

Water withdrawals (ML)/Turnover Years 2018 -2020



Water withdrawals (ML)/Turnover Years 2018 -2020

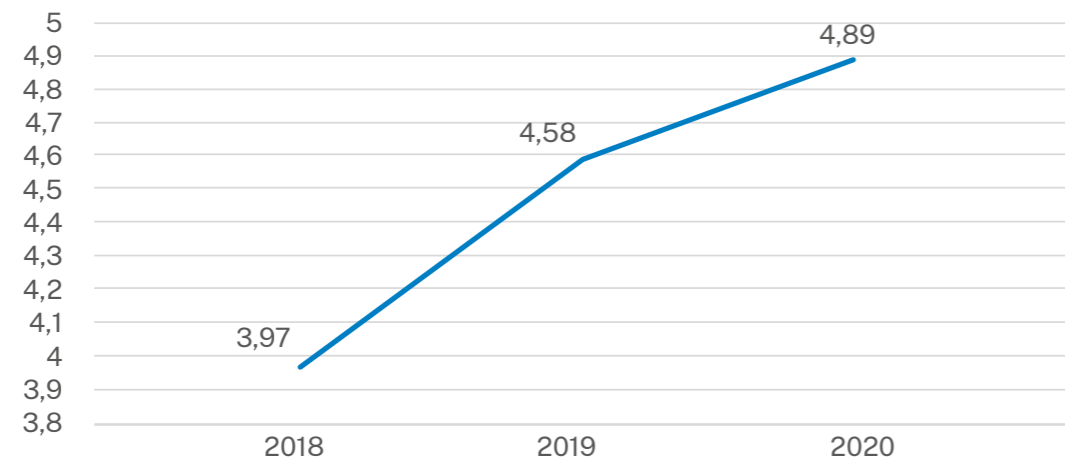




Waste

SIPA monitors the volumes of waste products in its plants in special ledgers and databases, in respect of all the standard requisites and relative storage needs. The main waste materials were packing materials in plastic, ferrous metal scraps and wooden packing materials.

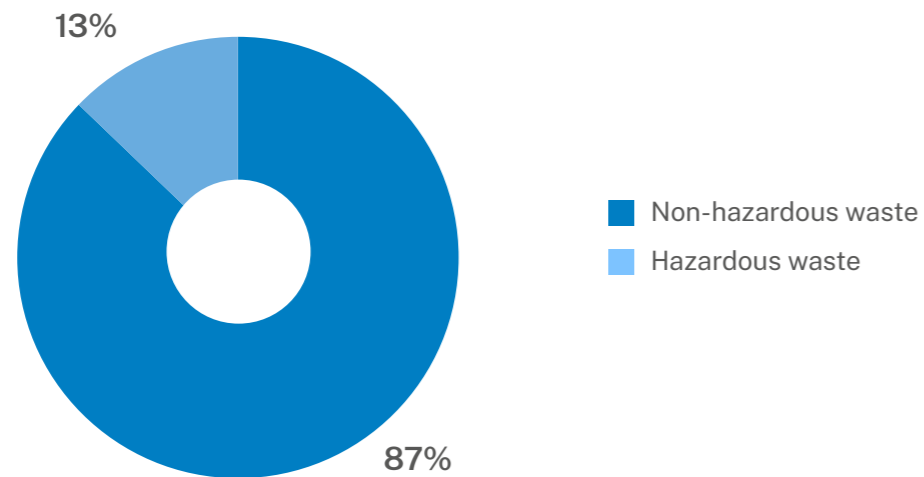
Waste (t)/direct work hours. Years 2019 - 2020



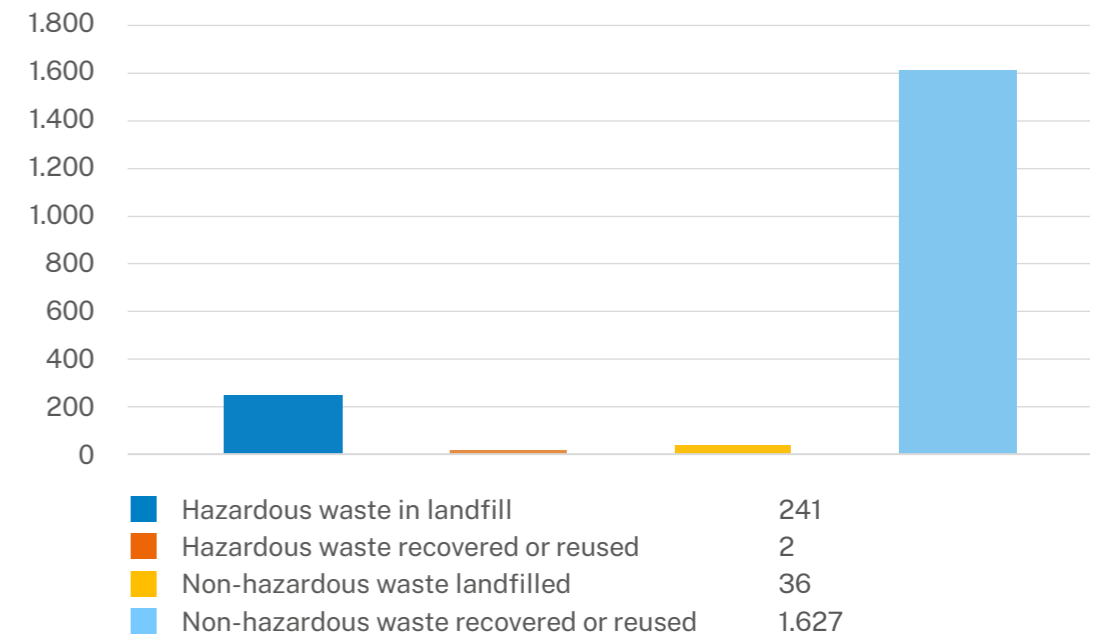
variation 19-20 direct hours: - 6,5%
variation 19-20 t waste: -0,2%
variation 19-20 KPIs: + 6,7%

■ KPI (t tot/ore DIR)*1000

SIPA produced waste (%) - Year 2020

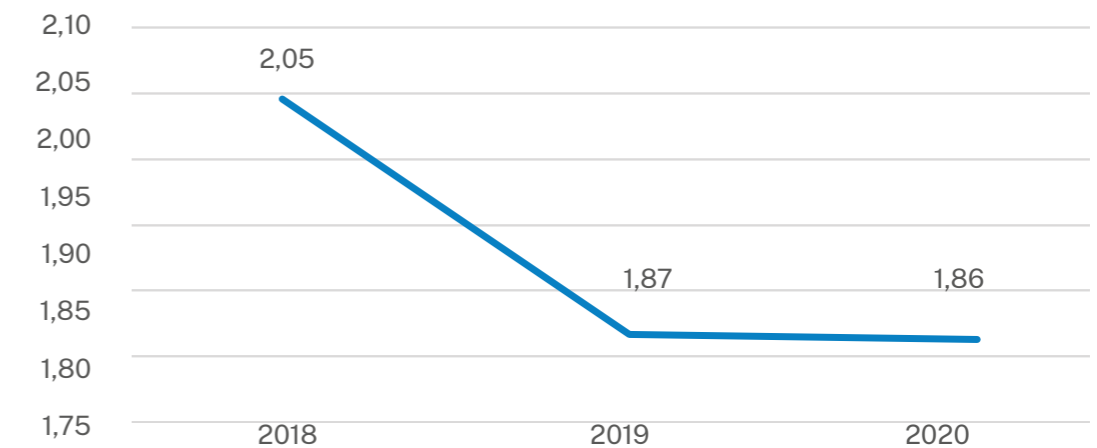


SIPA waste (t) - Year 2020

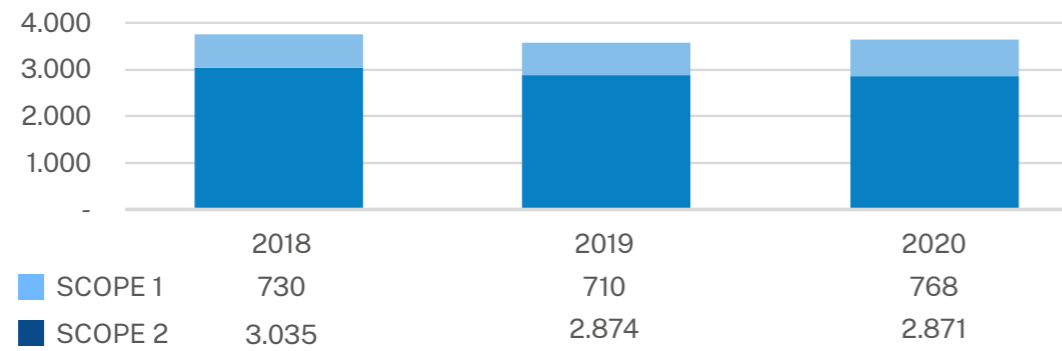


CO₂ equivalent emissions

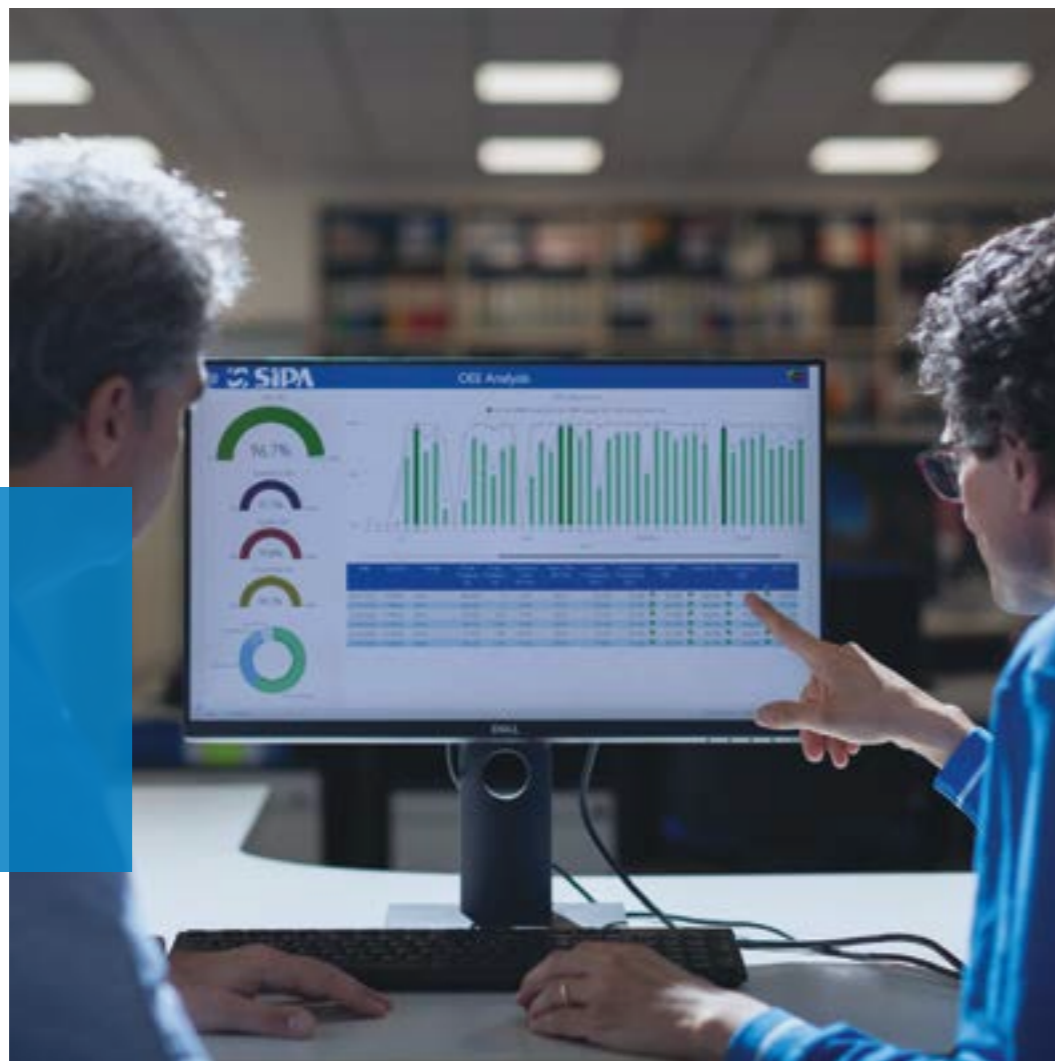
CO2 eq Total emissions (SCOPE 1+2)/turnover Years 2018 - 2020



CO₂eq total emissions (SCOPE 1+2)
Years 2018 - 2020



Total emissions of CO₂eq produced by SIPA have decreased significantly over the last three years. SIPA's emissions depend to a large extent on its consumption of electricity (SCOPE 2). The only data item relative to SCOPE 1 increased but not significantly.





12

PRESENT AND FUTURE TARGETS AND GOALS

PROOF OF COMMITMENT

The Sustainability Report of 2019 laid the foundations for defining a set of objectives on the aspects of social and environmental governance in a horizontal time frame that goes all the way to 2024: these goals were set by the two businesses of SIPA and ZIHET which, in turn, communicated them to the different corporate functions. In this section, we report on the **activities already undertaken in 2020** and planned for the years 2021-2024.

GOVERNANCE	
2020 - 2024 TARGETS	2020 GOALS
<p>INTEGRATION OF SUSTAINABILITY IN THE BUSINESS MODEL</p> <ul style="list-style-type: none"> Greater involvement of the Governing Body in evaluation of the choices connected with sustainability, also by implementing the activities recommended by the Sustainability Council; Promotion of investments in sustainable projects: integration of the industrial plan with the sustainability plan. 	<p>Each of the Business Units participated actively in meeting the sustainability goals defined in 2019.</p> <p>In 2020 the flows between the SIPA and ZIHET committees, and the global choices of the Group were redefined, improving the relationship between the goals and global choices and their realisation by the individual functions.</p>
<p>MANAGEMENT OF SUSTAINABILITY DATA</p> <ul style="list-style-type: none"> Sustainability training (managers), reporting standards, performance measurement. 	<p>The meetings between experts in sustainability and the main functions of the Zoppas Group contributed to strengthen knowledge of the environmental and social aspect, integrating them into the activities of the Business Unit.</p>

ZIHET ENVIRONMENT	
2020 - 2024 TARGET	2020 GOALS
ENERGY/REDUCTION OF CO₂ EQ EMISSIONS <ul style="list-style-type: none"> Extension of ISO 50001 certification to the plants in Mexico and Romania; Reduction of emissions of CO₂ into the atmosphere by 35% 	<p>In Mexico, China and Romania: ISO 50001 management systems are being implemented for the purpose of certification. Improvements are being made in the plants to make them more efficient for reduction of CO₂ emissions by system, for example by installing automatic machine stop timers on discharge systems, replacing metallic halogen lighting with LED, and improving compressor distribution and efficiency.</p> <p>Migration to new suppliers for the supply of 100% certified energy is already complete in several Zoppas plants.</p>
RAW MATERIALS <ul style="list-style-type: none"> Project analysis to increase the percentage of recyclable parts of the finished product at the end of its life Increased use of recycled materials in the production process; Purchase of recycled paper certified FSC; Use of an application for the management of documents in digital format for dematerialisation of the document flow with the goal of eliminating the use of paper, reducing toners and storage space; Adoption of paperless processes in every company department; Monitoring and actions to limit the use of natural resources. 	<p>ZIHET is working on design for disassembly and design for packaging in its projects, to develop products that minimise its carbon footprint with regard to the use of recycled materials and materials with a lower impact: the design process permits the use of production procedures with a lower impact in terms of energy consumption in the production cycle, to produce more efficient, sustainable products in every stage of their use and at the end of their life.</p> <p>It has intensified its system of sorted waste collection in the offices and increased the use of recycled materials in production. The company is implementing a gradual reduction of the use of paper (paperless project) in favour of the process of digitalisation (project i4.0 for digitalisation of production processes)</p>
EMISSIONS IN THE ATMOSPHERE <ul style="list-style-type: none"> Extension of the CDP (Carbon Disclosure Project) questionnaire to the plants in Romania, Mexico, China and Serbia, obtaining class C or better. 	<p>CDP PROTOCOL: the process of entering the date required by the questionnaire has begun.</p>
MANAGEMENT OF SUPPLY CHAIN <ul style="list-style-type: none"> Involvement of suppliers, privileging suppliers certified on environmental aspects; Optimised saturation of means of transportation. 	<p>A project in currently ongoing to map ISO 14001:2015 certified suppliers (42% of purchases in Europe come from ISO14001 certified suppliers); transport is being optimised with a system operating on three levels and milk runs.</p>
ENVIRONMENTAL CERTIFICATION <ul style="list-style-type: none"> Extension of ISO 14001 to the Mexican plant. 	<p>Projects scheduled for completion by 2024; the plan of macro activity for obtaining certification in Mexico has already begun</p>

ZIHET SOCIAL	
2020 - 2024 TARGETS	2020 GOALS
SAFETY IN THE WORKPLACE <ul style="list-style-type: none"> Investment in the sector of health and safety in the workplace in terms of new technologies and hours of training; 	<p>In various plants the characteristics of some machines have been updated for purposes of health and safety (for example, installing railings to prevent falls, and systems of protection during cleaning with the machine halted). Safety training is regularly scheduled and carried out in all the plants.</p>
PERSONNEL MANAGEMENT <ul style="list-style-type: none"> Employees are given opportunities to strengthen their know-how and acquire new skills; Connecting MBO, policies of remuneration and incentives linked to environmental concerns (such as reduction of greenhouse gases). 	<p>The project was undertaken with the involvement and functional training of TOP management.</p>
MANAGEMENT OF SUPPLY CHAIN <ul style="list-style-type: none"> Implementation of monitoring/audits on social and environmental issues relative to suppliers. 	<p>The Ethics Code was introduced on which to map monitoring so as to track suppliers more effectively with regards to sustainability</p>
RELATIONS WITH EXTERNAL STAKEHOLDERS <ul style="list-style-type: none"> Implementation of a process of an increasing involvement of the external stakeholders in economic, environmental and social issues; Encouragement of investments in sustainable projects. 	<p>Process of involvement of employees, suppliers and clients for the definition of material questions.</p>

SIPA ENVIRONMENT	
2020 - 2024 TARGETS	2020 GOALS
ENERGY <ul style="list-style-type: none"> Reduction of CO₂ emissions into the atmosphere by 5% for every plant by rendering the systems more efficient; Reduction CO₂ emissions into the atmosphere by 30% by purchasing certified green energy; Controls on the system of distribution of compressed air in an effort to optimise leaks along the distribution chain; Application of specific controls on the efficiency of furnaces; Led lights in production and lights on a sunset timer. 	<ul style="list-style-type: none"> During 2020, inspections were carried out on the compressed air distribution system with a view to optimising leaks along the distribution chain. To improve efficiency connected with illumination, weekly timers were installed; offers were requested for the replacement of metallic halogen light fixtures with LED. The new role of Energy Manager was created, though not required by law for a company with SIPA's characteristics.
RAW MATERIALS <ul style="list-style-type: none"> Introduction of a system of sorted waste collection in the offices; Increased use of recycled materials in production; Gradual reduction of paper in favour of digital, digitalisation of the areas of machine assembly and die production; Purchase of recycled paper certified FSC. 	<ul style="list-style-type: none"> The system of digital management that makes it possible to remotely control the processes of machine life cycles, including support to installation and routine maintenance; for the assembly stage, the use of paper has been reduced by 90% up to complete digitalisation of all the use and maintenance manuals. The system of sorted waste collection has been intensified in the offices and the use of recycled materials has been increased in production. The company has started purchasing recycled cardboard and is in the process of defining the purchase of FSC-certified paper. <p>In addition to the 2019-2024 goals on the raw material, the company has introduced a treatment system for the management of water drains.</p>

<p>EMISSIONS IN THE ATMOSPHERE</p> <ul style="list-style-type: none"> • Inspection for reduction of emissions of the furnaces for heating the plant premises; • Depending on the distance, privilege rental of hybrid cars with a view to reducing CO₂/km. 	<ul style="list-style-type: none"> • During 2020 the company tested the use of a hybrid car to determine whether it was feasible to use this type of vehicle on all routes. • Audits and tests of energy output were carried out on furnaces to evaluate the use of filters or other systems of emissions abatement.
<p>MANAGEMENT OF SUPPLY CHAIN</p> <ul style="list-style-type: none"> • Implementation of transport on rail or ship in particular on the Europe-China routes (compatibly with delivery times); • Screening of suppliers on environmental aspects. 	<ul style="list-style-type: none"> • Rail transport was increased, and shipments by air and sea decreased with respect to 2019. Shipment by rail on between Italy and China doubled. • SIPA participated in sustainability projects on the supply chain and conducts documented controls on suppliers to certify their compliance from the environmental standpoint.
<p>OTHER</p>	<ul style="list-style-type: none"> • In 2020 the company initiated harmonisation procedures relative to Standard ISO 14001:2015.



SIPA SOCIAL	
2020 - 2024 TARGETS	2020 GOALS
<p>SAFETY IN THE WORKPLACE</p> <ul style="list-style-type: none"> • Increased hours of training on the subject of safety in the workplace and waste management. • Implementation of a plan of accident reduction with the goal of reducing both frequency and gravity. 	<ul style="list-style-type: none"> • SIPA has a system that requires all the personnel to report near misses; this system has enabled SIPA to decrease accidents in terms of both number and frequency. The training carried out remains a cornerstone every year for informing and increasing the awareness of the personnel also about these procedures.
<p>PERSONNEL MANAGEMENT</p> <ul style="list-style-type: none"> • Talents Project; • School-Job experiences; • Projects of Work-life balance; • Project of the University of Turin on sustainable packaging • Contest for the development of perfectly recyclable innovative packaging on an international platform; • Courses for increasing awareness of environmental management problems. 	<ul style="list-style-type: none"> • SIPA has maintained the commitment to accept internships and experiences of alternating school and work, although the programme had to be reduced in 2020 due to the provisions of law connected with the pandemic. The project reached out to future technical experts, technical professionals, bookkeepers, sales personnel and industrial workers, in addition to recruiting talents from the universities as trainees for future positions in the company. In addition, a project on innovative packaging was undertaken in 2020. • “Smart Working” was introduced to facilitate the possibility of balancing the job with private life. Although it was undertaken as an emergency measure, it became clear that it offered the opportunity to explore a new plan of evaluation for the personnel based on results rather than on presence.



13

INDEX OF COMPLIANCE WITH THE GRI

AND SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS FOR 2030

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102-5			Form of ownership and legal structure
102-6			Markets served
102-7			Dimensions of the organisation
102-8			Information about employees and other workers
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