Zoppas Industries

SUSTAINABILITY REPORT 2022

BUILDING A SUSTAINABLE FUTURE STARTS WITH PEOPLE



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INTRODUCTION

The Sustainability Report is the tool chosen by the Zoppas Industries Group to communicate its environmental, social and governance performance annually. This report is now at its fourth edition, highlighting how the Group is engaged in a process of continuously communicating its ESG performance.

Over the years, the Sustainability Report has become the tool for monitoring the Group's sustainability path and includes the analysis of the Group's main impacts, be they positive or negative. The objective of the report is to explain – starting from objective data and in a comparable form through the use of quantitative and qualitative-contextual indicators – the performance achieved by the Group in relation to the most relevant sustainability issues.

The undertaken sustainability path is a process that combines economic objectives with social and environmental goals, to increase the level of trust and security perceived by customers, to improve relations with investors and to safeguard the company's assets. Among the latter, people in particular have great value. Once again, this year they play a central role and are the main driver of the change we are experiencing.

For this edition, we have chosen to structure the various chapters according to the EcoVadis certification structure (Ethics, Worker Protection and Human Rights, Sustainable Sourcing and Environment), with the intention of combining the different frameworks that the Group uses to evaluate its ESG performance.





LETTER FROM THE CHAIRMAN

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We are experiencing an unprecedented historical moment: the challenges that humanity is facing are serious and urgent and involve everyone, from the individual to institutions and companies. That is why we have taken ESG issues very seriously, and we want to play an important role on the path to sustainable development. It is the duty of all companies to pursue environmental, social and governance sustainability goals, acting in a responsible, transparent and ethical manner to deliver a better world to future generations.

Stimulating innovative initiatives in the social and environmental field, enhancing experiences and skills, is part of our sustainable development strategy and we do so thanks to people, the key resources for the territory in which our company operates.

To ensure business continuity both in the short and long term, we must continue to put at the centre of our work the needs of our customers, who, increasingly, are asking us to develop innovative, efficient and environmentally friendly products.

It is with this awareness that we propose ourselves as major players in the ecological transition. To facilitate this transition, we have engaged in dialogues with many stakeholders that make up our ecosystem.

The primary challenge of the Group and its companies is to reach net zero by 2050, reducing greenhouse gas emissions in an extremely significant way already by 2025. We are gradually consolidating and structuring the analysis of our carbon footprint. Emissions from owned or directly controlled sources and those related to energy will first be reduced and then zeroed. On the energy front, we are developing a trajectory to 2025-2035 to become progressively independent of fossil fuels, both in electrical and thermal terms, through a combination of self-generation and energy-efficient systems, consistent with the EU Taxonomy.

In addition, we are already starting several projects with partners and suppliers so that they share and apply the same sustainability principles, to intervene in a decisive and systematic way also on emissions indirectly related to the company's activity that come from the supply chain.

For some years now, we have been moving down this path also using different international protocols, such as the Carbon Disclosure Project (CDP) and EcoVadis. Our intention, in particular for the EcoVadis scheme, is to expand the scope of analysis to foreign locations, in order to have a more complete and transparent vision of how we are performing at Group level in ESG terms.

Both souls of the Group, ZIHET and SIPA, are working to satisfy and support the sustainability choices of our customers and of the end users of our products. ZIHET is pursuing responsible and ecological heating solutions, aimed at efficiency and energy saving; SIPA is committed to the circular economy by designing and manufacturing machinery for the production of plastic containers that use 100% recycled material.

It is certainly an ambitious and complex challenge that will increasingly characterise corporate life, with positive repercussions extended to the entire ecosystem.

This is an opportunity for us to demonstrate the resilience and progress of our Group, to be at the forefront as a driving actor that uses its business as a positive force for the well-being of the Company itself, of the planet and of the future of all people.

Happy reading,

Gianfranco Zoppas Cavaliere del Lavoro





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METHODOLOGICAL NOTE

This Sustainability Report of the Zoppas Group (hereinafter, "the Group") is prepared on a voluntary basis in order to report on its ESG (Environment, Social and Governance) performance.

The document aims to provide stakeholders with a clear, complete and transparent representation of activities, projects, commitments, short-term and medium-term objectives and results achieved, with a view to creating value in the long term. The Sustainability Report (hereinafter, "Report") is prepared in accordance with the new version of the GRI Standards (in force from 1 January 2023), according to a "with reference to" level of application.

In particular, the Sustainability Report refers to the GRI Standards indicated in the GRI Content Index table at the end of the document, which, for each relevant aspect ("material"), shows the page of the Report or other corporate documents in which the related content can be found.

The data and information reported refer to the year from 1 January to 31 December 2022, unless otherwise stated. Where available, comparative data referring to the years 2020 and 2021 have been included, in order to present the performance trend of the Group over a longer period.



To provide a timely representation of performance, the inclusion of directly detectable and measurable qualitative-quantitative indicators was preferred.

The reporting scope of this Sustainability Report includes:

ZIHET (Zoppas Industries Heating Element Technologies)

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

SIPA S.p.A. Italia

For more details on objectives, indicators and results achieved or for comments on this document you can send a request to: ZIHET: marketing@zoppas.com SIPA: marketing.sipa@zoppas.com

















THE ZOPPAS **INDUSTRIES GROUP**

ZIHET and SIPA, the two engines of the group

The Zoppas Industries Group consists of two companies:

- ZIHET, leader in the production of heating systems
- SIPA, specialised in PET packaging solutions •



COUNTRIES WITH OFFICES

PRODUCTION PLANTS



Here are two stories, two business models, two examples of development and industrial culture in which innovation and sustainability are intertwined and have contributed to making our country, Italy, a world leader. The Group's moral imperative is to continuously challenge its limits while seeking excellent results.



Over the years, the Group has been able to constantly transform, demonstrating the resilience that has made it what it is today and what it promises to be in the future, based on a history of commitment, innovation and determination.



ZIHET AND SIPA, THE TWO ENGINES OF THE GROUP

Zoppas Industries Group is an Italian company based in Vittorio Veneto, in the province of Treviso, a pioneer in the production of electrical heating systems and machinery for the food industry. The Zoppas Industries Group consists of two highly functional, but distinct entities:

ZIHET

leader in the production

of heating systems

SIPA



specialised in PET packaging solutions



ZIHET – ZOPPAS Industries heating element technologies

Zoppas Industries Heating Element Technologies (ZIHET) is based in Italy, in Vittorio Veneto (TV). The company has 15 production plants worldwide (four in Italy, two in Mexico, one in Germany, one in France, one in Switzerland, one in Romania, one in Serbia, two in China, one in Russia and one in the United States), with 4 sales branches (United Kingdom, Finland, Turkey, Brazil) and 4 associated offices in Romania, Serbia, China and Mexico.

With 60 years of experience in the sector, ZIHET is constantly developing solutions for the design, production and sale on the world market of heating elements and heating systems for domestic and industrial applications.

In 1963, Luigi Zoppas, the founder of ZIHET (which at the time was called IRCA, Industria Resistenze Corazzate e Affini S.p.A.), started his business in San Vendemiano (Treviso). The Group has managed to constantly transform itself over the years and adapt to the needs of the market by bringing innovation in the reference sector, thus succeeding in expanding and positioning itself as a leader also on a global level.

Sustainable development is increasingly characterising the Group's business approach, permeating the company's culture and activities. In this sense, ZIHET has a clear identity that has allowed the Group to become a reliable partner and a recognised supplier in the global market of heating elements and heating systems. ZIHET's identity can be expressed as follows:





VISION

Our ambition is to be recognised as a strategic partner for our clients and a critical player in the value chain, by helping out clients define optimal heating solutions for a wide variety of needs.



MISSION

To provide smart heating solutions, contributing to the foundations for a sustainable living environment.

CONTRIBUTING GLOBALLY TO THE SUSTAINABLE LIVING

Innovation and technological progress are at the heart of everything we do. We are committed to make a substantial contribution to sustainable living globally through production and sales activities that focus on providing smart heating solutions in a responsible and ecofriendly way.



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

We actively collaborate with our customers, suppliers, and other partners and are constantly striving to find new, innovative and sustainable solutions by introducing new technologies and business models.



Improving the quality of life for our own and for future generations is the purpose 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. We are constantly looking looking for new ways to improve and progress, we are well on the way to achieving our targets.

CARE FOR THE FUTURE GENERATIONS

ZIHET products

ZIHET, through a collaborative approach, creates synergies with its customers in order to improve the performance of heating systems and products, which can meet the needs of customers.

| REFRIGERATION | FOOD SERVICE, COFFEE, | DOMESTIC HEATING, AIR | PROCESS HEATING |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| & HOME APPLIANCES | LAUNDRY, WELLNESS | CONDITIONING & PLASTICS | |
| 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. | Highly reliable heating elements and complete operational kits for the use in all professional 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; Materials for professional coffee makers and vending machines; Solutions for the electric heating of industrial and professional laundry equipment; Equipment for wellness and beauty treatments: saunas, steam baths, whirlpool systems and tubs, health spas, showers and cabins, hair dryers, face treatments, aerosol, sunbeds and waterbeds | Heating elements and heat regulation systems for domestic heating appliances – meeting the requirements for home heating to water heating; 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 applied into moulds and equipment intended for plastic industry. | Industrial process heaters. |

| MACHINERY & ENERGY | TRANSPORTATION & MOBILITY | AUTOMOTIVE | AEROSPACE, MEDICAL, DEFENCE |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. | Heating elements and functional kits for railway and marine markets. | Products for heating and temperature maintenance in applications for cars, caravans, motor caravans, trucks and special vehicles as well as car service equipment. | 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

Based in Vittorio Veneto, in the province of Treviso, SIPA has **23 sales branches**, **4 production plants** (two in Italy, one in Romania and one in China) and **21 after-sales service centres** for the supply of spare parts and technical assistance. SIPA also offers an injection mould reconditioning service in 7 locations around the world: Italy, China, Japan, South Korea, Mexico, Brazil and the United States.

SIPA provides **technological solutions and after-sales assistance** for a wide range of **PET packaging** systems for the food and beverage industry, for cleaning and personal care products, for cosmetics, for chemicals and pharmaceuticals. SIPA has always been at the forefront in the development of solutions aimed at reducing the environmental impact of its machines and plastic packaging products.

This is done by increasing the efficiency of its production systems and reducing the weight of the containers and, at the same time, lowering the consumption of energy, compressed air and water. Above all, the goal is achieved through the development of technologies that can process recycled plastic, both starting from granules (with traditional systems) and starting from 100% rPET flakes, as in the case of Xtreme Renew, a unique system in the market.





SIPA has a clear and distinctive identity that integrates sustainable development within its core business. The identity of SIPA can be expressed as follows:



VISION

Our vision is to establish long-lasting partnership relations with our customers by providing SUSTAINABLE and INNOVATIVE packaging solutions.



OUR MISSION: TAILOR-MADE SOLUTIONS

Our bespoke, tailored approach to clients is one of our strong points: we listen to, and interpret, their individual needs, and leverage our vast, customisable product range to establish lasting relationships.



CREATIVITY AND INNOVATION

Innovative capability is one of our packaging and machines' distinguishing features and an element the company is investing and will continue to invest in.



FLEXIBLE SOLUTIONS

Flexibility is essential in order to prosper in these difficult times. That is why we offer solutions with the widest range of productive flexibility to deal effectively with increasing complexity, and successfully predict business developments and changes.



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.

SIPA products

SIPA works on every aspect of PET packaging: development of preforms and bottles, moulds individual production systems and complete lines.

Its wide range of products includes machines for the production of preforms, as well as container production systems, single and two-stage (rotary and linear blow-moulding machines), single filling blocks, product preparation systems, as well as the complete range of robotic and palletising solutions. SIPA also produces preform injection moulds and blow-moulds, providing its customers with a wide range of bottle design services, computer simulations and container prototyping.

| CONTAINER DEVELOPMENT | TOOLING & MOULDS | PRODUCTION OF PREFORMS AND CONTAINERS | COMPLETE LINES |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Preform design Container design Prototyping Quality laboratory Innovation | Injection moulds Blowing moulds Overhaul, refurbishment, conversion | • Preforms • Containers | Mineral water Soft drinks Juices, tea, isotonic beverages Edible oil Milk-based products Alcoholic beverages Food products Detergents and personal care products |





PEOPLE AND RESPONSIBLE MANAGEMENT OF EMISSIONS AND CLIMATE RISK

As a Group, we believe that taking care of our planet is a shared responsibility. Thus, we've built up a value chain by choosing companies and professionals that are profoundly committed to environmental sustainability.

By collaborating with companies and suppliers that undertake to lower carbon emission we can help our final clients to reduce, as a result, their own carbon footprint.

Indeed, we scrutinize and start to work only with companies that are pursuing our own eco-friendly development, making sustainable purchases and taking into place actions in compliance with ours.

Along this commitment, we make sure all our suppliers and partners respect the current labor and human rights scrupulously and adopt an ethical approach, since these aspects are paramount for us too.

This way we can ensure that our value chain is never cut off and that our commitment is a priority for us as it is for our partners and clients. We believe that only a combined effort can lead us to make virtuous changes, with a positive impact for everyone.



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GOVERNANCE AND BUSINESS ETHICS

The Group's corporate governance system is traditional. Two bodies, the Board of Directors and the Board of Statutory Auditors, are established and both are appointed by the Shareholders' Meeting. The first is an ordinary and extraordinary administrative body, while the second has legal and accounting control responsibilities.

The members of the Board of Directors are in office indefinitely, and there are no independent members. The executive members of the Board of Directors are also senior company executives.

The organisation has also delegated the coordination of projects aimed at achieving the sustainability objectives to two Sustainability Committees (one for ZIHET and one for SIPA).

BOD composition by gender







The Zoppas Group, through the **Management**, **Organisation and Control Model (MOG)** established pursuant to **Legislative Decree 231/2001**, has defined an organised and structured system of guidelines, operating procedures and control measures inspired by the values of loyalty, compliance with regulations and the principles of fair competition, fairness, honesty, diligence and independence. The model is valid and has been implemented in the Italian offices, ZIHET Italia and SIPA S.p.A., and the main procedures of the model have also been extended to all foreign branches.

In the Zoppas Group, initiatives to prevent and combat corruption offences, both public and private, are ensured on the basis of the provisions of the Code of Ethics and in line with the provisions of the organisational model.

The Organisational Model also aims to inform all employees, internal and external to the Group, about activities that involve a risk of committing a crime and the consequent sanctions. With this tool, the Group wants to spread and establish, through controls, a business culture based on legality and provide for an efficient and balanced organisation. The body responsible for monitoring compliance with the Organisational Model, in the Group's Italian companies, is the Supervisory Body (SB). The SB uses an important tool to highlight possible crimes, assess their risk and map crime risks.

The sustainability committee

To integrate sustainability into the company's business model, the Group decided to establish the Sustainability Committee, to evaluate the company's approach to ESG issues and guide its improvement path. The Committee (both ZIHET's and SIPA's) is tasked with assisting the Board with preliminary functions, of a proactive and advisory nature, in evaluations and decisions related to ethics and sustainability. It acts as a link between the Board of Directors, with which it collaborates for the definition of strate-gies, and the functions dedicated to the implementation of the various projects.

ZIHET's Sustainability Committee is made up of the General Manager and the Global Managers while in SIPA it is composed of the first levels of the company.

The main tasks of both Committees, which meets regularly, are:

- to encourage the integration of sustainability into corporate strategies and culture, promoting its dissemination at all levels;
- to supervise and monitor sustai
- to review and approve the structure and contents of the Sustainability Report;
- to establish the ESG performance objectives of the Sustainability Plan and monitor their execution.

The Sustainability Committee respects the principle of transversality, i.e. it is composed of key figures who come from different business areas, thus guaranteeing a systemic view of the organisation.

Certification

| MANAGEMENT SYSTEMS AND ORGANISATIONAL MODELS | ZIHET ITALIA | ZIHET ROMANIA | ZIHET CHINA | ZIHET MEXICO | ZIHET SERBIA | SIPA |
|----------------------------------------------------|-----------------|------------------|----------------|-----------------|-----------------|------|
| M.O.G. 231 | х | Х* | Х* | Х* | Х* | х |
| ISO 50001:2018 | х | ONGOING | | ONGOING | | |
| ISO 14001:2015 | х | х | Х | ONGOING | | х |
| ISO 9001:2015 | х | х | х | х | х | х |
| EN/AS 9100 (aerospace) | х | | | | | |
| ESCC 4009 - Quality – Space & ESA | х | | | | | |
| ISO/IEC 80079-34 (ATEX/INCEx sector) | х | | | | | |
| EN 15085-2 - (railway sector) | х | х | | | | |
| IATF 16949 - (automotive sector) | х | | Х | | | |
| MODULE H PED – Pressure Equip. | х | | | | | х |
| ISO/IEC 17025 - Quality - Laboratory | х | | | | | |

*Some of the procedures provided for in the MOG have been communicated to ZIHET Romania, ZIHET China, ZIHET Mexico and ZIHET Serbia, but these locations are not supervised by the Supervisory Body as this model is applied only to companies based in Italy.

to supervise and monitor sustainability initiatives and related KPIs;

Management systems



The Group is currently participating in two of the main sustainability ratings projects, EcoVadis and CDP (Carbon Disclosure Project) in the case of Irca, EcoVadis in the case of SIPA. This demonstrates the Group's commitment to improving its performance on sustainability

issues and setting itself increasingly challenging objectives.

In the EcoVadis 2022 assessment, both companies were awarded a silver medal. This assessment, currently limited to Italian plants, for ZIHET it will also be extended to other plants over the next few years.





CDP, the Carbon Disclosure Project, is one of the world's leading and most authoritative environmental ratings and helps companies and public bodies measure and report climate change risks and opportunities.

ZIHET joined CDP for the third consecutive year in 2022, answering several questions related to how the Group addresses the challenges related to climate change, how it measures its impact on the environment and its progression over time.

The assessment issued by ZIHET the sites where the plants are locawas D for the year 2020 and C in 2021 and 2022; the upward trend demonstrates the commitment and constant improvement of company performance in measuring its impact on the climate. It also shows how corporate governance is increasingly climate-oriented. In the year covered by this report, with a view to continuous improvement, all direct and part of the indirect emissions of the ZIHET group were reported, comparing them with emissions from the previous year.

Regarding indirect emissions, and therefore related to scope 3, ZIHET has calculated its emissions in relation to GHG categories 1 (Purchased

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Goods), 4 (Upstream Transportation and Distribution), 5 (Waste generated in operations) and 9 (Downstream transport and Distribution). The most impactful category among those reported is category 1, relating to the main purchased raw materials.

In addition, different risks (physical, market-related, legislative and reputational) were mapped and assessed. The risks identified by ZIHET in 2022 of a physical type concern floods and heat waves at ted, while market risks were taken into account due to the increasing cost of raw materials and the change in consumer preferences. To these, risks related to the emergence of new regulations, such as carbon pricing mechanisms, must be added.

In particular, the 2022 questionnaire integrated the calculation of carbon pricing based on the regulation of Mexico's carbon tax.

Climate-related opportunities, such as access to new markets or the development of new products thanks to innovation, also with a view to resource efficiency, and business diversification were also recognised.

Risk Management

Through the risk management process, the Group has put in place systems to identify the risks that affect its business and to estimate their impact, with the aim of developing governance strategies that take these variables into account. The objective is to identify, estimate and classify the various types of risk into appropriate categories, in order to facilitate the company's decision-making process. However, in addition to the factors strictly linked to business, Zoppas Industries considers sustainability issues to be of strategic importance and has, therefore, decided to integrate ESG risks into the risk management process. These variables are cross-cutting across all risk categories and, if properly managed, can deliver significant benefits in the long run.

The main sustainability risks taken into consideration by the Group are discussed below:



CLIMATE RISKS

The Zoppas Industries Group is aware of the strategic importance of assessing and managing the risks caused by climate change to achieve economic stability and long-term competitive advantage.

The increasingly frequent extreme weather conditions, such as storms, floods and droughts, represent a risk for the Group and a risk for the environment. Damage and loss can be reduced in the areas most at risk by using risk analysis and preventive measures. The Group, through the contributions of the HSE department, the Managing Director and the Commercial Directors, and a periodic assessment report, has identified a number of climate risks to be managed and monitored.

Priority is given to risks identified as having a greater potential financial impact. The criterion for classifying a potential financial impact as "critical" is the likelihood that it will affect economic projections and KPIs to an extent that would jeopardise the company's strategy and objectives. Identified and monitored risks with this potential impact are those that require corrective actions and resources to mitigate or offset their negative effects.







RISKS ASSOCIATED WITH SUPPLY CHAIN MANAGEMENT

Most of the basic components of the products sold by the Group come from a wide network of suppliers in Europe and around the world. Suppliers may indirectly damage Zoppas Industries' reputation if they do not comply with the internationally agreed principles of human rights, working conditions, environmental protection, ethical business conduct and/or social responsibility, or if they fail to comply with national legislation in these and other sectors. The Group evaluates suppliers taking into account their principles, quality requirements, capacity and delivery times. All suppliers who come into contact with the Group are also required to sign the Code of Ethics.





ENVIRONMENTAL RISKS

Some activities and products used in Zoppas Industries Group plants pose a risk of damage to the environment: these risks are minimised through procedures compliant with ISO 14001:2015 certification (where present). In non-ISO 14001:2015 certified plants, specific procedures for the management of environmental impacts and regulatory aspects related to the environment are being integrated.

OCCUPATIONAL HEALTH AND SAFETY RISKS

Inadequate health and safety conditions in the workplace can cause accidents (including severe accidents) and major production interruptions.

The Group systematically monitors health and safety, analysing site-specific risks in relation to activities, materials and machinery. In recent years, staff training has focused on identifying near misses and on in-depth investigations into the causes of accidents at work. A safe work environment improves productivity and creates more efficient workplaces with more motivated and happier staff.





RISKS ASSOCIATED WITH HUMAN RESOURCE MANAGEMENT

The future success of the Zoppas Industries Group depends largely on its ability to recruit, retain and valorise human capital. Poor management of internal staff has direct consequences on product quality and is reflected on the business.

Among the initiatives undertaken by the Group to improve the management of its internal staff is the path that will lead to the certification of gender equality of Italian ZIHET sites.

With regard to ZIHET sites in China, Mexico, Romania and Serbia, a due diligence process is also underway in the social field: the collection of information is expected to take place through document examination, questionnaires and interviews with key officers. The objective of the study is to verify the compliance of company policies with applicable local regulations and also considering international ILO principles.



CORRUPTION RISKS

Corruption can result in high costs and legal disputes for a company and, more generally, can reduce the trust of customers and stakeholders in the company. All Group employees at risk of corruption undergo highly structured anti-corruption training.

RISKS LINKED TO RESPECT FOR HUMAN RIGHTS

The Zoppas Industries Group operates in many countries and in contexts in which non-ethical commercial practices and violations of human rights may occur. The company's reputation on the market could be damaged if involved in these commercial practices and it could incur in heavy fines and sanctions. Cultural and procedural differences between the Zoppas Industries Group and its business partners may increase the risks associated with ethical and rights issues. For these reasons, all business partners are required to sign the Group's Code of Ethics.

SIPA is also a member of SEDEX, one of the world's largest platforms used by buyers, suppliers and auditors to store, share and monitor their performance in terms of workers' rights, health and safety, environment and ethics along the global supply chain.

Materiality of the impacts

The Group wanted to build on the materiality analysis that began in 2019 as a starting point to identify its material topics and evaluate their impacts in depth.

In 2021, the Global Reporting Initiative (GRI), one of the global reference institutions on non-financial reporting, issued an update of the reporting standards. An important aspect of this review concerns the process of determining material topics. Through this new process, the standard intends to give emphasis to the impact metric as a characterising factor to determine, in an objective and, as far as possible, scientifically based manner, the real extent of the material topics identified (Impact Materiality).

With the intention of complying with the update of the GRI, the Group followed the guidelines proposed by the standard. The process followed 4 moments to determine the material themes:

Context analysis and relevant areas: based on the risk management process, data from previous sustainability reports and, in particular, the 2022 materiality matrix, the Group identified 7 strategic areas as a starting point to identify the impacts of the organisation.

Identification of impacts: the GRI standard offers 4 types of impacts (actual and potential positive and actual and potential negative). In this phase, for each strategic area identified, and involving the Sustainability Committee, top management, the representatives of the main functions and external consultants, the impacts for all 4 types of impact for both ZIHET and SIPA were identified.

Assessment of the significance of the impacts: in this phase, together with the representatives of the different functions and external consultants and through meetings, interviews and targeted dialogues, the Group assigned a numerical evaluation, for each variable proposed by the GRI along a reference scale, to all the impacts identified in the previous phase.

Prioritisation of impacts and definition of material topics: in this last phase, the Group sorted the impacts by level of relevance, thus determining the final list of material topics and their relative positive and negative impacts, actual and potential.



Impacts and material topics

Impact analysis provides a systemic view of how an organisation has - or could have – an impact on the system in which it operates. In GRI standards, impact refers to the effect an organisation has - or could have - on the economy, the environment and people, including effects on human rights, as a result of the organisation's activities or relationships (commercial and otherwise). Impacts can be actual or potential, negative or positive, short term or long-term, intended or unintended, reversible or irreversible. These impacts define the contribution, negative or positive in various aspects, of the organisation in relation to sustainable development. In particular, this analysis focuses on the impacts of Zoppas Industries in the short term (1-3 years).

The analysis makes it possible to identify the leverage points on which to work to outline a sustainability strategy, which is presented in chapter 10.

Below are the most significant positive, negative, actual and potential impacts of ZIHET and SIPA for each material topic, divided according to the three pillars of sustainability (Governance, Social and Environmental). The following tables describe the level of significance of each impact. Significance depends on the type of impact: the actual impacts, i.e. that have already taken place, relate the level of benefit (if the impact is positive) or severity (if negative) with the extent of the impact measured in terms of effects; if the impact is potential, the probability of it occurring is also considered. Significance is therefore the synthesis (product) of these variables.

¹ For actual and potential negative impacts, the analysis also considered whether the impacts had irreversible characteristics. However, none of the most significant impacts has this characteristic.

ZIHET

Governance Impacts for ZIHET

| MATERIAL TOPIC | TYPE OF IMPACT | DESCRIPTION OF IMPACT | SIGNIFICANCE | LEVEL | STAKEHOLDERS AND RESOURCES INVOLVED |
|-------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------|--------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business Ethics and Risk Management | Positive ACTUAL | Practical applications and provision of specific training related to MOG 231 and code of ethics | | Systemic | The concerts of Ducinoos |
| | Positive ACTUAL | Adoption of an internal whistleblowing procedure | | Systemic | Ethics and Risk Management are transversal and directly |
| | Positive ACTUAL | Establishment of the Sustainability Committee | | Localised | stakeholders of the Zoppas Group ecosystem. These |
| | Positive ACTUAL | Sharing the procedures of the Code of Ethics with business partners | | Systemic | aspects consist in carrying out business activities fairly and lawfully, in compliance with the laws. To create adequate internal control systems and disseminate a corporate culture based on integrity, professional ethics and honesty to build relationships of trust with its stakeholders. |
| | Positive ACTUAL | Implementing a LEAN System to optimise value creation and minimise waste | | Systemic | |
| | Positive POTENTIAL | Definition and formalisation of the tasks and responsibilities of the Sustainability Committee to make it more active | | Systemic | |
| | Positive POTENTIAL | Ethical principles and ESG more integrated into business choices (e.g. supplier selection, investments, etc.) | | Systemic | |
| | Positive POTENTIAL | Increasing transparency in non-financial reporting and expansion of the scope and topics reported | | Systemic | |



Legend:





Social Impacts for ZIHET

| MATERIAL TOPIC | TYPE OF IMPACT | DESCRIPTION OF IMPACT | SIGNIFICANCE | LEVEL | STAKEHOLDERS AND RESOURCES INVOLVED |
|---------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| an Capital | Positive ACTUAL | Management of human resources according to the principles of the Code of Ethics | | Systemic | This topic primarily engages employees with the aim of improving the management of human |
| | Positive ACTUAL | Training and continuous upgrading of employee skills | | Systemic | |
| | Positive POTENTIAL | Actions aimed at increasing the attractiveness and retention of employees and, consequently, reducing recruitment costs | | Systemic | |
| he Hum. | Positive POTENTIAL | Training on topics related to mental and physical well-being | | Systemic | employee well-being, and potential development |
| Management of th | Positive POTENTIAL | Personalised growth paths and periodic performance evaluation aimed at increasing hard and soft skills | | Systemic | programmes to retain and attract new talent through training and skill building activities that contribute to personal advancement. |
| | Positive POTENTIAL | Provision of benefits to employees through structured corporate welfare | | Systemic | |
| | Positive POTENTIAL | Obtaining gender parity certification for the Group | | Systemic | |
| | Negative POTENTIAL | Higher recruitment and onboarding costs | | Systemic | |
| | Positive ACTUAL | Implementation of specific effective procedures to improve occupational health and safety management, such as the "near miss" reporting procedure | | Systemic | |
| kers | Positive POTENTIAL | Dissemination of the "safety first" culture through continuous training | | Systemic | |
| Health and Safety of work | Positive POTENTIAL | Obtaining ISO 45001:2018 certification | | Systemic | first" culture throughout the Group, to monitor and |
| | Positive POTENTIAL | Zero Accident Ambition | | Systemic | prevent any potential risk, considering both internal and external collaborators |
| | Positive POTENTIAL | Alignment and uniformity of procedures and accident management in all sites | | Systemic | (customers, suppliers, etc.). |
| _ | Negative ACTUAL | Non-uniform safety management procedures in each plant | | Systemic | |
| | Negative POTENTIAL | Possible occupational diseases | | Systemic | |

Material impacts and topics

| MATERIAL TOPIC | TYPE OF IMPACT | DESCRIPTION OF IMPACT | SIGNIFICANCE | LEVEL | STAKEHOLDERS AND RESOURCES INVOLVED |
|-------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------|--------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------|
| | Positive ACTUAL | Participation in the CDP (score C) as a tool to monitor and evaluate the decarbonisation pathway | | Systemic | |
| on and Climate Change | Positive ACTUAL | Implementation of energy efficiency technologies | | Systemic | |
| | Positive ACTUAL | Decrease in energy intensity (GJ/€) | | Systemic | Contribute to the Group's energy transition, aiming to develop energy efficiency initiatives and |
| | Positive ACTUAL | Purchase of renewable energy with certificate of guarantee of origin (ZIHET Italy and Romania) | | Localised | |
| sumptio | Positive POTENTIAL | Extension of the ISO 50001:2018 perimeter | | Systemic | monitor its carbon footprint. |
| irgy Con | Negative ACTUAL | Much of the energy supply still comes from fossil fuels | | Systemic | |
| Ene | Negative ACTUAL | Systematic emission of CO2eq. | | Systemic | |
| | Negative POTENTIAL | Loss of market share due to suppliers and customers choosing low-emission partners | | Systemic | |
| oduct | Positive ACTUAL | R&D is committed to developing a method for minimising the carbon footprint linked to product manufacturing | | Systemic | Promotion of the principles of the circular |
| co-Design of Pro- and Innovation | Positive POTENTIAL | Improved efficiency and effectiveness in processes and use of materials | | Systemic | economy by offering innovative and sustainable technologies, also thanks to the collaboration with external partners. |
| | Positive POTENTIAL | Constant research and development of increasingly energy-efficient products | | Systemic | |
| ш | Positive POTENTIAL | Eco-design courses for sustainable design | | Localised | |
| | Positive ACTUAL | Inclusion of environmental requirements in the supplier selection and evaluation process | | Systemic | Adapting responsible and |
| ement | Positive ACTUAL | Implementation of guidelines to optimise logistics in terms of CO2eq emissions. | | Systemic | ethical purchasing policies, which integrate |
| Manage | Positive POTENTIAL | Expansion of the EcoVadis rating perimeter | | Systemic | selection of suppliers. Establishing long-term |
| y Chain | Positive POTENTIAL | Qualification of all new strategic suppliers through ESG criteria | | Systemic | collaborations, also aimed at developing innovative approaches to |
| Suppl | Positive POTENTIAL | Measuring and reducing the ESG impact along the supply chain | | Systemic | sustainability topics. Promoting the stability and integrity of the entire |
| | Negative ACTUAL | Indirect emissions and environmental impacts along the supply chain | | Systemic | supply chain. |
| nt | Positive ACTUAL | Using logs and databases to monitor the volume of generated waste | | Systemic | |
| irce managemer | Positive ACTUAL | Use of kanban and milk run systems | | Systemic | Responsible resource management includes the implementation |
| | Positive ACTUAL | Policy for the management of conflict minerals | | Systemic | of a series of strategies aimed at minimising |
| bleresou | Positive ACTUAL | ISO 14001:2015 Compliance (ZIHET Italy, Romania and China) | | Systemic | resource waste and maximising resource use, always taking into |
| sponsil | Positive POTENTIAL | Extension of the perimeter of ISO 14001:2015 | | Systemic | account the environmen- tal and social impact of the organisation's |
| Re | Negative POTENTIAL | Higher costs for waste disposal (hazardous and non-hazardous) | | Systemic | the organisation's activities. |



From the impact analysis conducted, what emerges clearly is the Group's attention to **compliance with current legislation**. In the Zoppas Group, governance, the central and transversal pillar of sustainability, is guided by the principles of MOG 231 and the Code of Ethics, which represent important tools to guide actions and activities with collaborators, business partners and suppliers. However, ZIHET's intention is **to increasingly integrate ESG** aspects into the company's cultural DNA and decision-making. To this end, ZIHET has established a new body: the **Sustainability Committee**, with the aim of facilitating and improving the **ESG monitoring and disclosure process** and, more generally, the company's **green transition**.

In terms of the management of Human Capital and Health and Safety (for more information, see chapter 7), the Code of Ethics has a central role to ensure compliance with current legislation. The safety of workplaces in Italy is ensured by the implementation of specific procedures that are also shared with plants abroad. In addition, ZIHET intends to develop and follow a path that can seize the best opportunities of a work environment that has the well-being of people at its heart, going beyond compliance alone (personalised growth paths, corporate welfare, performance review, etc.).

In terms of the environment, the Group's intention to play a significant role in the ecological transition is very clear, as it ambitiously aims for being **Net Zero by 2050**. Significant are the results in which ZIHET operates: some plants are powered with **renewable energy with a certificate of guarantee of origin**, and it has implemented several technologies in plants that improve **energy efficiency**. ZIHET Italia has also obtained ISO 50001 certification and intends to expand the perimeter in the short term (for more information, see chapter 9). So that these good practices do not remain sporadic and isolated initiatives, ZIHET is aware of the need to share them with plants worldwide to **maximise the positive impact produced** by them.

The issue of the **supply chain** is also a central aspect for the sustainable development of ZIHET and, in recent years, experiments have already been activated to **optimise logistics** in terms of environmental impacts and CO2eq emissions (for more information, see chapter 8). In this context, the instrument adopted by ZIHET is **EcoVadis**, currently valid only for the Italian perimeter. In addition to aiming for an even better score, ZIHET has set itself the goal of expanding the perimeter to the entire Group.

SIPA

Governance Impacts for SIPA

| MATERIAL TOPIC | TYPE OF IMPACT | DESCRIPTION OF IMPACT | SIGNIFICANCE | LEVEL | |
|-------------------------------|--------------------|-------------------------------------------------------------------------------------------------|--------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Positive ACTUAL | Establishment of the Sustainability Committee | | Systemic | The aspects of Business Ethics and Risk Management are |
| cs and ment | Positive ACTUAL | Compliance with ISO 9001:2015 and 14001:2015 | | Localised | indirectly involve all stakeholders of the Zoppas Group ecosystem. |
| Business Ethic Risk Manage | Positive ACTUAL | Practical applications and provision of specific training related to MOG 231 and Code of Ethics | | Systemic | These aspects consist in carrying out business activities fairly and lawfully, in compliance with the laws. To create adequate internal control systems and disseminate a corporate culture based on integrity, professional ethics and honesty to build relationships of trust with its stakeholders. |
| | Positive ACTUAL | Implementing a LEAN system to optimise value creation and minimise waste | | Systemic | |
| | Positive POTENTIAL | Updating and mapping of risks within the 231 and ESG scope and provision of training | | Systemic | |



Social Impacts for SIPA

| MATERIAL TOPIC | TYPE OF IMPACT | DESCRIPTION OF IMPACT | SIGNIFICANCE | LEVEL | STAKEHOLDERS AND RESOURCES INVOLVED |
|---------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| | Positive ACTUAL | Management of human resources according to the principles of the Code of Ethics | | Systemic | |
| | Positive ACTUAL | Training and continuous upgrading of employee skills | | Systemic | |
| Capital | Positive ACTUAL | Adoption of an Applicant Tracking System to facilitate the selection process | | Systemic | This tonic primarily approace |
| Human | Positive POTENTIAL | Processes for the recruitment of young staff to ensure a gradual generational turnover | | Systemic | employees with the aim of improving the management of |
| nt of the | Positive POTENTIAL | Provision of employee benefits through corporate welfare | | Systemic | numan resources, ensuring employee well-being, and potential development |
| Managemer | Positive POTENTIAL | Adoption of a Performance Management Plan | | Systemic | programmes to retain and attract new talent through training and skill building activities that contribute to personal advancement. |
| | Positive POTENTIAL | Implementation of a Development and Training Plan to promote lifelong learning (continuous learning) | | Systemic | |
| | Negative POTENTIAL | Lack and difficulty in finding hard and soft skills | | Systemic | |
| | Negative POTENTIAL | Higher recruitment and onboarding costs | | Systemic | |
| | Negative POTENTIAL | Worsening work-life balance, stress, demotivation and related absenteeism, with effect on productivity | | Systemic | |
| d Safety of workers | Positive ACTUAL | Implementation of specific effective procedures to improve occupational health and safety management, such as the "near miss" reporting procedure | | Systemic | Promotion of the "safety first" culture throughout the Group, to monitor and prevent any potential risk, considering both internal and |
| | Positive ACTUAL | Constant training on health and safety issues | | Systemic | |
| | Positive POTENTIAL | Dissemination of the "safety first" culture through continuous training | | Systemic | |
| ealth an | Positive POTENTIAL | Obtaining ISO 45001:2018 certification | | Systemic | external collaborators (customers, suppliers, etc.). |
| Ī | Positive POTENTIAL | Zero Accident Ambition | | Systemic | |



Environmental Impacts for SIPA

| MATERIAL TOPIC | TYPE OF IMPACT | DESCRIPTION OF IMPACT | SIGNIFICANCE | LEVEL | STAKEHOLDERS AND RESOURCES INVOLVED |
|------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------|---------------------------------------------------------------------------------------------------------------------------|
| nption hange | Positive ACTUAL | Purchase of 100% renewable electricity with guarantee of origin | | Localised | Contribute to the Group's |
| gy Consur Climate C | Positive ACTUAL | Decrease in energy intensity (GJ/€) | | Systemic | energy transition, aiming to develop energy efficiency initiatives and monitor its carbon footprint. |
| Energy and C | Positve POTENTIAL | Implementation of energy self generation solutions | | Systemic | |
| duct | Positive ACTUAL | SIPA develops and proposes technologies that give new life to second-hand resources by reintroducing them into the production system (e.g. XTREME RENEW) | | Localised | Promotion of the principles of the circular |
| gn of Pro nnovatio | Positive POTENTIAL | Improved efficiency and effectiveness in processes and use of materials | | Systemic | economy by offering innovative and sustainable technologies, also thanks |
| ico-Desi and l | Positive POTENTIAL | Constant research and development of increasingly energy-efficient products | | Systemic | to the collaboration with external partners. |
| ш | Positive POTENTIAL | Analysis of the life cycle of a PET bottle compared to a glass one | | Localised | |
| | Positive ACTUAL | Digitisation of the supplier management process | | Systemic | |
| | Positive ACTUAL | Monitoring that suppliers of electronic material do not come from conflict areas (CMRT) and that they use chemicals verified according to REACH standards | | Systemic | Adopting responsible and ethical purchasing policies, which integrate ESG criteria |
| | Positive ACTUAL | Adoption of a purchasing policy that integrates environmental and social aspects into contracts with suppliers | | Systemic | |
| agement | Positive ACTUAL | Implementation of guidelines to optimise logistics in terms of C02eq emissions | | Systemic | |
| iin Mana | Positive ACTUAL | Analysis of the sustainability risk of the main suppliers to identify areas for improvement | | Systemic | Establishing long-term collaborations, also aimed |
| oply Cha | Positive POTENTIAL | Monitoring of major suppliers through EcoVadis | | Systemic | at developing innovative approaches to sustainability topics. Promoting the |
| Sup | Positive POTENTIAL | Implementation of the "Supplier Portal" that, among other advantages, will allow for a reduction in the use of paper, toner and archives | | Systemic | stability and integrity of the entire supply chain. |
| | Positive POTENTIAL | Collaborations with its partners along the supply chain with the aim of reducing the use of natural resources and using sustainable packaging | | Systemic | |
| | Negative ACTUAL | Indirect emissions and environmental impacts along the supply chain | | Systemic | |
| ource it | Positive ACTUAL | Using logs and databases to monitor the volume of generated waste | | Systemic | Responsible resource management includes the |
| isible reso nagemen | Positive ACTUAL | Increased use of recycled materials in production | | Systemic | implementation of a series of strategies aimed at minimising resource waste and maximising |
| Respon mai | Positive ACTUAL | Progressive reduction of the use of paper by switching to digital registers, digitisation of machine assembly areas and mould production | | Systemic | resource use, always taking into account the environmental and social impact of the organisa- tion's activities. |



SIPA also conducted the impact analysis and sustainability is a driver that is increasingly permeating the way the company operates. In terms of the management of Human Capital, compliance with the Code of Ethics is essential to ensure a healthy and fair working environment. For SIPA, a significant risk element related to human resources is the likely lack, in the future, of soft and hard skills and generational turnover that can negatively affect productivity, quality of work, competitiveness and the overall success of the organisation. In this sense, people-oriented strategies and targeted skill development pathways can play an important role in ensuring business continuity in the long term.

SIPA, as a specialist in the supply of technologies for the production of PET, can play a leading role in promoting the circular economy. Currently, packaging plays a fundamental role in people's daily lives, to protect products during their useful life and to prevent their turning into waste. There are multiple benefits in SIPA's offer of technologies that produce circular solutions (such as 100% rPET flakes) to customers, including the use of less material, energy savings and lower CO2eq emissions. However, in order to make it more sustainable and reduce waste generation, it is necessary to adopt solutions that minimise its environmental impact as much as possible. In this sense, SIPA invests and wants to continue investing in research and development, promoting sustainable packaging design and promoting recovery and recycling services, to ensure its sustainability and that of the wider system in the long term.







7

LABOR AND HUMAN RIGHTS

The Zoppas Industries Group has adopted the Code of Ethics pursuant to legislative decree 231/2001, extending it to all the social fabric that composes and revolves around the company group. Therefore, as required by the formal procedures of reference, the company invites its employees, staff and representatives to act responsibly in the name of collective well-being, starting from individual behaviours in accordance with the Code of Ethics.

Loyalty, fairness and transparency. These are the criteria on which Zoppas Industries relies in the evolution of its business, so that its workforce is guaranteed high levels of well-being on the job, ensuring personal life and work life are balanced. It is essential to protect people in all their spheres to obtain a return that coincides with business and economic growth, having as objective the reduction of inequalities and the preservation of the health of workers.

The heart of the success of the Zoppas Industries Group lies in the company's ability to recruit, educate and value human capital, which is why an incorrect management of internal staff would be qualitatively reflected on production and business performance. Faced with these findings, the company has invested in its human resources, in terms of training and career advancement.

People, the engine of the future

Staff selection is in line with the Code of Ethics: professional and individual skills are evaluated without any discrimination affecting the hiring, training, promotion or the contractual term of the relationship with the company. This approach fully embraces the increasingly urgent issue of gender equality in the workplace, together with women's empowerment. Collectively, in the Group, the number of women employed is equivalent to 42.25% of the total, with a percentage decrease of 3.73% compared to 2021.



ZIHET

ZIHET believes in investing in the educational and professional growth of its workforce, currently made up of 7047 employees, distributed by geographical area and job as shown below.

Percentage (%) employees by geographic area, ZIHET 2022



| TOTAL ZIHET EMPLOYEES BY CATEGORY, GENDER AND AGE 2022 | | | | | | | | | | | | | |
|--------------------------------------------------------|------|--------|-------|--------|--------|--------|--------|-------|-------|--------|----------------|--------|---------|
| | | <30 | | 30-50 | | >50 | | TOTAL | | | | | |
| KPI | M.U. | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| EXECUTIVES | no. | 0.00% | 0.00% | 0.00% | 0.16% | 0.04% | 0.20% | 0.17% | 0.04% | 0.21% | 0.33% | 0.09% | 0.41% |
| MIDDLE MANAGERS | no. | 0.03% | 0.00% | 0.03% | 1.29% | 0.99% | 2.28% | 0.62% | 0.11% | 0.74% | 1 .94 % | 1.11% | 3.05% |
| OFFICE WORKERS | no. | 3.46% | 2.64% | 6.10% | 10.67% | 8.68% | 19.36% | 2.70% | 1.46% | 4.16% | 16.83% | 12.79% | 29.62% |
| FACTORY WORKERS | no. | 10.44% | 6.78% | 17.23% | 19.37% | 18.28% | 37.65% | 5.48% | 6.57% | 12.05% | 35.29% | 31.63% | 66.92% |
| TOTAL | no. | 13.94% | 9.42% | 23.36% | 31.49% | 28.00% | 59.49% | 8.97% | 8.19% | 17.16% | 54.39 % | 45.61% | 100.00% |

The analysis in the reduction in personnel that affected the year 2022 shows how the gender discrepancy is more obvious in the working category of managers, where the number of female managers has fallen. Data on middle management is satisfactory. The Zoppas Industries Group has hired almost equal numbers of male and female factory workers.

The percentage of male workers who have terminated their relationship with the Zoppas Industries Group is higher than the percentage of female workers who have terminated their employment. Although with lower numbers, in 2022 women benefit from greater job stability compared to their male counterparts.







Serbia is the only country in which more women than men are employed, while in the other countries (Italy, China, Mexico and Romania) the employment data shows a gender gap with lower numbers of female staff.



 ${\small Employees by gender and geographical area, ZIHET 2022}$

The organisation is moving towards the valorisation of equal opportunities. In particular, ZIHET Italia has started a **Certification process for Gender Equality** according to the new **UNI/PDR 125:2022** standard developed in line with existing international documents, such as ISO 30415, adapted to the Italian social and economic context.

Obtaining the Gender Equality Certification, expected in **2023**, will represent an opportunity for the organisation to achieve the goal of the sustainable development of equality, to implement new policies that reduce the gender gap and to stimulate the economic and social growth of the country, making the company even more competitive.

Through specific KPIs, the organisation will report on its own situation by working more in depth on six areas of evaluation, such as **Culture and Strategy, Governance, HR Processes, Opportunities for growth and inclusion of women in the company, Gender Pay Equality, Protection of parenthood and work-life balance**. This process involves the measurement, reporting and evaluation of gender-related data in organisations to evaluate improvements over time, ensuring transparency in the distribution, remuneration and treatment of the employees involved, which are analysed in the auditing phases.

In order to offer equal opportunities to people of different genders, ZIHET guarantees to its employees initiatives capable of balancing work and personal commitments, such as the opportunity for part-time contracts. ZIHET recognizes the importance of job stability, strongly encouraging permanent employment. Proof of this is that 96.2% of ZIHET's 7054 employees have permanent positions, thus preserving skills and professionalism over time and cultivating the employee-company relationship.

| EMPLOYEES BY GENDER AND CONTRACT, ZIHET 2022 | | | | | | | | |
|----------------------------------------------|--------|--------|--------|--|--|--|--|--|
| | MEN | WOMEN | TOTAL | | | | | |
| PERMANENT POSITION | 52.47% | 43.68% | 96.2% | | | | | |
| FIXED-TERM POSITION | 2.51% | 1.33% | 3.8% | | | | | |
| TOTAL | 54.98% | 45.02% | 100.0% | | | | | |

| EMPLOYEES BY GENDER AND OCCUPATION, ZIHET 2022 | | | | | | | | |
|------------------------------------------------|--------|--------|--------|--|--|--|--|--|
| | MEN | WOMEN | TOTAL | | | | | |
| FULL TIME | 54.94% | 44.10% | 99.04% | | | | | |
| PART TIME | 0.04% | 0.92% | 0.96% | | | | | |
| TOTAL | 54.98% | 45.02% | 100.0% | | | | | |





SIPA

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.

| TOTAL SIPA EMPLOYEES BY CATEGORY, GENDER AND AGE 2022 | | | | | | | | | | | | | |
|-------------------------------------------------------|------|--------|-------|-----------------|--------|-------|--------|--------|-------|--------|--------|--------|---------|
| | | | <30 | | 30-50 | | >50 | | TOTAL | | | | |
| КРІ | M.U. | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| EXECUTIVES | %. | 0.00% | 0.00% | 0.00% | 0.64% | 0.00% | 0.64% | 1.54% | 0.00% | 1.54% | 2.19% | 0.00% | 2.19% |
| MIDDLE MANAGERS | %. | 0.00% | 0.00% | 0.00% | 2.32% | 0.00% | 2.32% | 4.38% | 0.26% | 4.63% | 6.69% | 0.26% | 6.95% |
| OFFICE WORKERS | %. | 3.22% | 0.90% | 4.12% | 23.04% | 6.82% | 29.86% | 13.90% | 3.86% | 17.76% | 40.15% | 11.58% | 51.74% |
| FACTORY WORKERS | %. | 6.95% | 0.00% | 6.95% | 20.33% | 0.00% | 20.33% | 11.84% | 0.00% | 11.84% | 39.12% | 0.00% | 39.12% |
| TOTAL | %. | 10.17% | 0.90% | 11 .07 % | 46.33% | 6.82% | 53.15% | 31.66% | 4.12% | 35.78% | 88.16% | 11.84% | 100.00% |

Within the human capital included in the working context of SIPA Italia, a strong male component stands out, largely attributable to the technical tasks required. As a percentage, however, the female component is increasing, despite the fact that the total number of employees is mostly unchanged. Two of the top positions, the administrative management and the treasury, are covered by female figures, who manage the two companies of the Zoppas group across the board.

Employees by gender and geographical area, SIPA 2020-2022



The organisation is committed to promoting equality, the fair treatment of workers and their well-being, starting from the large number of employees who have permanent positions (96.53% of the total). It is a priority for SIPA to create a work environment that is dynamic and welcoming, considering the personal needs of its employees.

| EMPLOYEES BY GENDER AND CONTRACT, SIPA 2022 | | | | | | | | |
|---------------------------------------------|--------|--------|--------|--|--|--|--|--|
| | MEN | WOMEN | TOTAL | | | | | |
| PERMANENT POSITION | 85.20% | 11.33% | 96.53% | | | | | |
| FIXED-TERM POSITION | 2.96% | 0.51% | 3.47% | | | | | |
| TOTAL | 88.16% | 11.84% | 100.0% | | | | | |

| EMPLOYEES BY GENDER AND OCCUPATION, SIPA 2022 | | | | | | | | |
|-----------------------------------------------|--------|--------|--------|--|--|--|--|--|
| | MEN | WOMEN | TOTAL | | | | | |
| FULL TIME | 87.26% | 8.75% | 96.01% | | | | | |
| PART TIME | 0.90% | 3.09% | 3.99% | | | | | |
| TOTAL | 88.16% | 11.84% | 100.0% | | | | | |



Staff training

A productive and always cutting-edge work environment needs to be aligned with the needs of its employees but it must also provide them with the best occupational specialisation. Zoppas Industries invests a lot in mandatory and necessary training courses for different professional categories.

Training man/hours, Zoppas Industries Group 2022



The hours of training provided compared to 2021 are constantly increasing, with a 127.08% rise.



ZIHET

ZIHET has considerably increased the number of training hours provided within the company and the number of people involved, which affects all the company's sites.



The total number of hours that were spent on the training of ZIHET employees in 2022 corresponds to approximately 134,633, highlighting a significant commitment compared to the result of the previous year, in which 83,916 hours of training were delivered (+60.44%.).



Sustainability Report 2022

SIPA



Training hours/employee Ratio by gender, SIPA 2020-2022

The data on the training of its workers reported by SIPA Italia show an average of training hours/employee by gender that, over the years, has slightly decreased, compared to the number of employees who do not need new courses but only refresher classes.

It should be noted, however, that SIPA constantly invests in training related to safety in the workplace with training courses on a regular, targeted basis and which are the basis of the great attention that the company places on these issues related to safety. In 2022, the company provided 4,824 hours of safety training.

SIPA believes in young people, which is why it has strong, stable relations with schools and universities, aiming to bring students closer to the company through the implementation of projects that, on the one hand, arouse their curiosity and encourage technical learning, and, on the other hand, lead to the faster and more profitable integration of new staff.

Health and safety of workers

The commitment to the protection of natural capital goes hand in hand with the promotion of occupational safety and the individual and collective well-being of the human capital that is part of Zoppas Industries. The Group has adopted constant monitoring policies to ensure its employees optimal health conditions in the workplace, accompanied by prevention policies.

ZIHET

With the intention of dealing efficiently with aspects related to health and safety in the workplace, ZIHET Italia has implemented a management system on its Italian site in accordance with Uni-Inail guidelines.



These guidelines are not intended for certification (or use for the purposes of supervision by institutional bodies), but are a document from which to start in the planning, implementation and execution of systems for the management of occupational health and safety.





The number of accidents (absolute value) increased by 2.3% compared to 2021. Data analysis used two indices, severity and frequency, calculated as follows:

Frequency index by geographical area, ZIHET 2020-2022

Frequency index: no. of accidents x 1,000,000 / no. of hours worked



Number of accidents by geographical area, ZIHET 2022



A comprehensive view of the Group and its international plants shows that the accident rate increased by only one unit in 2022; none of the accidents that occurred in the reference year were found to have serious consequences. Although it may seem a growing trend, the 2022 data on the numbers of accidents in the workplace must still be analysed, bearing in mind that the 2020 figure was lower due to work slowdowns linked to the many hours of smart working during lockdown.

Severity index by geographical area, ZIHET 2020-2022

Severity index: no. days lost due to accidents x 1,000 / no. of hours worked



For all Zoppas plants, the Group has implemented procedures for the detection of near misses, i.e. the reporting of any hazardous conditions that could generate accidents in the workplace.



SIPA

SIPA is committed to creating and maintaining a working environment that guarantees the physical protection of employees, complying with the current regulations on safety and risks in the workplace. To this end, SIPA constantly monitors the safety and health of the workplace by taking all necessary technical and organisational measures to ensure the best working conditions.

Number of accidents, SIPA 2020-2022



The trend of accidents in SIPA is decreasing, as is the severity index: SIPA is investing in employee participation in near-miss reporting. Data analysis used two indices, severity and frequency, calculated as follows.

Frequency index, SIPA 2020-2022

Frequency index: no. of accidents x 1,000,000 / no. of hours worked



Severity index, SIPA 2020-2022

Severity index: no. days lost due to accidents x 1,000 / no. of hours worked



While the frequency index has a more constant trend, the severity index is instead constantly decreasing, demonstrating that training and prevention activities facilitate its reduction.



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Sustainability Report 2022

Work life balance and corporate welfare

Starting in 2017, the Zoppas Industries Group has adopted a platform dedicated to the management of the welfare plan. The options relating to the available goods and services have been chosen by the Group in order to support and meet the needs of people.

The Company provides the same benefits regardless of contract type. There are several services for the well-being of employees, such as shopping and fuel vouchers, reimbursements for transport and school expenses, scholarships, thus allowing the recipients to choose the flexible benefits best suited for their personal needs and interests. Where possible, the regulated possibility of smart working, now integrated into the employment dynamics of Zoppas Industries, is guaranteed.

The organization is committed to the prevention of the health status of workers by offering social security services and medical expenses.

Protecting flexibility and enhancing the work-life balance are strengths and priorities of the organisation, which ensures its competitiveness but, above all, the satisfaction of the employees involved.





COMMITMENT TO THE COMMUNITY

As a whole, the Zoppas Industries Group is **committed to the community** and urban development of the territories it operates in. It provides support for programmes or initiatives in the educational, health or environmental field, and respects the needs and values of local communities, to which direct help is also provided in cases of emergency. Below are some of the Group's projects for the year of the report:

- In March 2022, the Sala Baganza (PR) SIPA plant actively participated in the collection of aid for the Ukrainian populations involved in the war. Through voluntary donations from employees, the company has joined the solidarity campaign promoted by the PARMA4UKRAINE Association, donating 12 pallets for the cause.
- Another project brings the organisation closer to local communities and interpersonal relationships between employees, investing in the convenience of travel and business trips, sociality and environmental awareness. This is the case of the Carpooling ZIP Italia initiative, inaugurated in December 2022: sharing, saving and sustainability are the pillars of this idea, which allows users to optimise the use of a single vehicle by sharing it with one or more colleagues to make trips for work-related reasons, reducing automotive expenses, CO2 emissions and energy waste.





- Other noteworthy examples of Zoppas Industries around the world include the sponsorship in Mexico of the "Copa Santa Maria - Zoppas Industries 2022" football event, showing the commitment to social development in the communities and nations where the organisation is present. The choice to invest and encourage sports activities also affects the country of origin of the company, which confirms its sponsorships of: Ski Club 18 - Amateur Sports Association, Universo Treviso basket s.r.l., Conegliano Bike Team Ass. Sportiva Dilettantistica, Foundation for Sustainable Development, Eno Conegliano Cultural Association.

- and allow them to reconnect with nature.
- the National Plan for the Prevention of Breast Cancer Romania.







ZIHET Romania has also chosen to support culture, promoting sports and cultural events, including activities dedicated to fishing, football and theatre in relaxing environments, which can promote socialisation between families and employees

ZIHET Romania has also distinguished itself for its commitment in the field of health and oncology prevention, acting as a spokesperson for an awareness campaign against cervical, breast and prostate cancers among its staff. The purpose of the project, which began in November 2022 and will end in December 2023, is to build and strengthen the relationship and dialogue between the company and employees, in light of the common well-being for the health of all. Specifically, ZIR has taken care of arranging medical examinations in its Medical Office for prevention and offers contact opportunities for more specific consultations with



- Other social commitments of ZIHET Mexico in the same geographical area include sponsoring scholarships for the families of workers employed in the SLP and Rio Verde plants.
- Children and families who are part of ZIHET Mexico also benefited from the initiative conducted in the municipalities of Rio Verde and San Luis Potosí on the day called "Children Day", on 23 April 2022. More than 800 children, whose parents are employees of the company, were invited to the cinema with their families to watch a movie, with popcorn and drinks. The successfully achieved objective was to promote community integration and to reduce poverty.
- On the same occasion, in April 2022, ZIHET Mexico donated 1155 toys, distributing them to the young students of 5 schools in Rio Verde and San Luis Potosí, to reduce economic and social inequalities that, unfortunately, are already an obstacle at an early age.
- Investing in the new generations is also the vision of ZIHET Romania, which in June 2022 established a partnership with the Politehnica University of Timisoara, offering opportunities for scholarships, summer schools, open days and technical projects in the fields of mechanical engineering, robotics and automation.





- In the wake of 2021, SIPA continued in 2022 a fruitful collaboration with the educational institutes of the territory, with the foresight to continue to constantly disseminate the Pathways for Transversal Skills and Orientation (former Alternating School-Work projects).
- Mention should be made in particular of the contacts with the Polytechnic University of Turin and its master's degree course in Packaging Design, the Academy project conceived by SIPA for the training of future CNC operators. SIPA joined the project launched by CIOFS in Vittorio Veneto [Italian Centre for Salesian Women's work and professional training]) which, together with the National CIOFS, has promoted the creation of an innovative start-up with a social vocation. It offers training activities with a high technology, research, experimentation, planning and guidance value. SIPA joined the project to introduce an apprenticeship in collaboration with the Istituto Istruzione Superiore [Higher Education Institute] in Vittorio Veneto, in accordance with the dual model, to the students in their third year at the IPSIA [State Professional Institute of Industry and Handcrafts], enrolled in the "Maintenance and Technical Assistance" and "Mechanics" specialisations. SIPA has collaborated with the ITS Meccatronico Veneto [Mechatronics Technical Secondary School of Veneto] to offer two-year internships to students on issues related to mechanical design, design automation, development of software for automation and process engineering. SIPA is continuing its project (called Academy) for the training of young people to be included as CNC operators in the production of moulds. Also in 2022, SIPA sponsored local sports associations like CONEGLIANO BIKE TEAM, TREVISO BASKETBALL and CLUB SKI 18.





ZIHET Italia is collaborating with Habacus, with the aim of developing young • talents to cultivate technical skills and competences that in the future can be applied to work in Zoppas Industries. 100 scholarships were offered in 2022 to students selected from Technical Institutes throughout Italy. For the Group, funding technical and theoretical training means promoting sustainable development in social terms, contributing to the creation of a more inclusive society starting from its human capital.

A further initiative in support of the well-being of the community is the Motomorphosis project, an initiative whose mission is to disseminate civic education transversally, with particular attention to driving on roads. ZIHET is a sponsor of this association as it believes in youth education as a means to create awareness. Motomorphosis pays particular attention to young people, the future "actors of the street". Through an educational path, working with the State Police and Arma dei Carabinieri, every year it plans visits and meetings in schools and universities, with communication and awareness-raising events.







- In 2022, the first Zoppas Sustainability Awards was held where the best initiatives related to sustainability and corporate social responsibility were awarded. All the corporate functions of the Zoppas group took part in this event.
- Zoppas industries Romania and the Municipality of Sannicolau Mare have planted over 200 trees to restore the natural habitat of the Dumbraveanca bird as well as contribute to the reforestation on the bank of the Mures river.
- In 2022, 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.





PROTECTING CUSTOMERS

The Zoppas Industries Group guarantees compliance with the rules in the sector, such as Regulations and Directives, and undertakes to comply with the requirements expressed by the customer, especially in the case of restrictions on the use of certain materials in production.

The Group is committed to remaining compliant with the international regulations established for the protection of the environment, as well as all safeguards for customers and users of its products. Compliance is maintained through various methods and guidelines described in the company's functional specifications.

ZIHET

ZIHET is committed to the protection of human health and the environment through the constant improvement of the management of the chemical substances contained in the manufactured and marketed products. This commitment takes the form of proactive management of the traceability of "substances of very high concern" (SVHC of the Candidate list), of the substances subject to restrictions identified in Regulation (CE) no. 1907/2006 (REACH), as well as the substances subject to restrictions identified by Directive 2011/65/UE (RoHS 2) and any other substances taken into consideration by customers, or by specific production chains, according to the final destination markets of the products.

REACH Regulation and Waste Framework Directive

Where technically possible and accepted by customers, ZIHET is committed to marketing products that do not contain Candidate List SVHCs above the threshold of 0.1% at the item level. When this is not possible, their presence is communicated to customers as required by art. 33 of the REACH Regulation and the SCIP notification is made on the ECHA portal in compliance with the provisions of art. 9, paragraph 1, of Directive 2008/98/UE (Framework Directive on waste) to ensure the safe management of the end of life of the products.

RoHS directive

Recognizing the important role of each operator in the production chain in managing the end of life of products, ZIHET ensures that its (AEE parts and components) comply with the requirements defined by the RoHS Directive applicable to electrical and electronic equipment (AEE). In this regard, ZIHET guarantees that the content of dangerous substances complies with the limits defined in the Directive, making sure that any exemptions are applied within the limits of the temporal validity defined by law.

Restriction lists of materials and/or substances

ZIHET has defined, and maintains, internal procedures that make it possible to integrate the management of product regulatory requirements with the requirements defined in the customer's lists of materials and substances subject to restriction (e.g. RML, RSL) or supply chain (e.g. "RISL" Rail Industry Substance List, "GADSL" Global Automotive Declarable Substance List).

To this end, ZIHET manages the collection of information from suppliers through the execution of specific campaigns, their archiving and analysis with the use of proprietary or third-party databases (e.g. IMDS) and the sharing of information with customers via portals (owned or third parties).

To guarantee its responsiveness in an international context in constant and very rapid evolution, ZIHET operates with the support of a specialized external consultancy firm, and sector associations, with which it develops and maintains the skills of its personnel through "ad hoc" consultancy, courses training and participation in technical committees and working groups.

In 2022 the Quality organization of the HQ Group was strengthened with the establishment of the "Regulatory Compliance Office", responsible for managing the legislative governance of products including the management of materials and substances subject to customer and/or supply chain restriction lists.

Among its improvement objectives ZIHET has planned:

- RoHS surveillance plans on incoming materials
- The strengthening of its risk assessment and identification procedures

SIPA

SIPA eliminates the use of potentially hazardous substances in the production and use of the product.

Compliance with the regulations, Directive 2006/42/EC (Machinery Directive), PED (Pressure Equipment Directive), MOCA (Material and Objects in Contact with Food), FPM-FDC (Food Packaging Materials Food Contact), REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) directives is declared and given to the customer with documentation containing laboratory test results, and test reports by certification bodies for the related machines

ECHO PLATFORM

SIPA has always been operational and ready to provide a high level of support to its customers through local networks, remote assistance desks and remote service to solve problems. SIPA has also adopted ECHO, the digital technology platform, as a multichannel contact point that enables the concepts of sharing economy and which gives customers access to a large amount of targeted information in real time: functions, applications and solutions that interact with the data, connecting the entire ecosystem to actively create value.

ECHO goes beyond the concept of technical portal because it allows an interchange between SIPA, the client and other customers. The internal areas of the ecosystem are tailored to the user profile, according to user interests, the type of SIPA technology installed and the type of processed product. In this way the ecosystem creates a direct line with the customer and speaks with him/her through a unique communication channel, where operational business processes become smart, intelligent and available with a click.









SUSTAINABLE PROCUREMENT

8

The Group encourages sustainability principles along its supply chain by requiring, from the third parties it works with, a conduct in line with the provisions of this Code of Ethics.

It is committed to:

- .
- •
- pliers in order to support the growth of the local economy

In choosing the Partners, the Group follows the principle of maximum competitive advantage and highest quality, avoiding any form of discrimination.

The Group reserves the right to not maintain relations with Partners whose conduct in the performance of their activities is inconsistent with the Code of Ethics.



hiring suppliers whose philosophy is in line with the Group's policy and with the principles of ethical, social and environmental responsibility promoted by the Group; ensuring a responsible process of selection and qualification in the supply chain; constantly monitoring the characteristics of its suppliers, preferring local sup-





ZIHET

In 2021 ZIHET made a significant review of its supplier selection and evaluation process, including environmental requirements in the process. In 2022, 67% of the suppliers analysed were ISO 14001:2015 certified, an increase compared to the previous year (+15%).

With regard to cargo management, ZIHET's objective is to improve the load factor in the management of intra-corporate transport; in particular, studies focused on the route and the number of inland shipments between the Romanian plant and the Italian plant. The studies and analysis focused in particular on goods that are typically hard to stack, and led to the creation of a new, lighter design with reinforced supports and dimensions that make them stackable at 3 heights. The new interior design will result in a decrease of 67.8 ton CO2 eq per year.

With regard to logistics management, the trend of the Zoppas Industries Group is to use, as much as possible, local suppliers for both its Italian and foreign plants. The geographical distribution of ZIHET suppliers is shown below:

Percentage of turnover by geographical destination



ZIHET is aware that in conflict-affected or high-risk areas, the extraction and trade of minerals can lead to negative impacts such as: serious abuses associated with the extraction, transport or trade of minerals, direct support or indirectly to non-state armed groups, direct or indirect support to public or private security forces, corruption and fraudulent representations.

United States Securities and Exchange Commission (SEC) passed the procurement law for "conflict minerals," as defined in the "Dodd-Frank Wall Street Reform and Consumer Protection Act", Section 1502 ("Conflict Minerals Rule"). In 2017, the European Union adopted Regulation (EU) 2017/821 which establishes the due diligence obligations for EU importers of tin, tantalum, tungsten, gold and their derivatives, originating from conflict-affected or high-risk areas risk.

In 2022, ZIHET was not subject to the obligations set out in the aforementioned regulatory framework, however, on a voluntary basis, the group has undertaken to maintain its policy for responsible sourcing of tin, tantalum, tungsten, gold and their derivatives ("3TG"). The approach used is based on the OECD Due Diligence document for responsible supply chains of minerals from conflict-affected and high-risk areas and has been supplemented in particular:

a) by adopting procedures integrated into its corporate management system;

b) requiring its suppliers to adhere to the same due diligence principles ;

c) identifying risks by mapping its supply chain by tracing the origin of conflict minerals and, in particular, the origin of certified smelters through independent third party audits

d) initiating a reactive dialogue with actors down the supply chain in order to mitigate the identified risks.

e) making this policy public by posting it on its website

The procedure adopted provides that the management of the traceability chain is carried out through the involvement of the first level suppliers concerned, using the standard model " Conflict Minerals Reporting Template (CMRT)" as a communication tool.

In 2022, ZIHET did not actively participate in an industry program, but referred to the data published by the Responsible Minerals Initiatives , concerning qualified smelters and refineries (Conformant list) or in the qualification phase (Active list).

Diligence procedures, ZIHET undertakes to:

- Keep your risk assessments on the presence of 3TG in your supply chain current
- Periodically trace the presence and origin of 3TG in your critical supply chain using the CMRT module
- Open a dialogue with interested suppliers if a risk has been identified in your supply chain
- Mitigate identified risks and eliminate unacceptable risks by requiring your suppliers to take all necessary actions with your supply chain.



SIPA

The SIPA purchasing department manages the supply of the materials necessary for the production of its products, transport services, installation and product start-up for end customers (Direct Purchases), and all the materials and services required for the operation of factories and personnel (Indirect Purchases). The main sources for direct purchases are engineering companies, manufacturers of commercial components or complete machines, companies that provide specialised services in the food & beverage sector and specialised operators in the world of industrial logistics. The main sources for indirect purchases are companies that provide services such as business catering, cleaning, real estate or plant maintenance and companies that produce or sell products such as machine tools, industrial plants and consumables of various types, vehicles, hardware and software as well as civil works.

Direct purchases are characterised by their repetitie nature, which depends on the mixture of finished products that are sold during the year. Indirect purchases, on the other hand, are only partially repetitive, as they are carried out according to the needs that emerge or the investment projects that arise from year to year.

In terms of geographical location, the table for the reference year is shown below:

| | % Supplier Turnover | Number of Suppliers |
|----------------|---------------------|---------------------|
| Italy | 70.5% | 614 |
| Rest of Europe | 18.5% | 89 |
| China | 10.5% | 32 |
| America | 0.5% | 6 |

The prevailing transport item concerns the shipment of the large plants produced to the customers. In terms of logistics, long-distance deliveries are mainly by sea (lower impact); other solutions (such as by road or air transport) are adopted only, respectively, for shorter distances or for sending spare parts.



The distribution, in terms of outgoing weight transported, depends on the type of products sold and the location of the Customers and, for the reference year, is as follows:

Shipping to customers (%), SIPA 2020-2022



The guidelines for the optimisation of logistics in terms of CO2 emission reduction are shared with the Group and are effectively applied in the following points:

- Use of green-oriented partners;
- Some suppliers that adopt the so-called "milk run" principle have been active for years and cover flows with suppliers of outsourced processes in the provinces of TV – PN - PR.
- China-Europe transport: optimisation of the procurement process to have a high filling coefficient of individual loading units (fewer journeys) and to intensify the use of train or sea services, which have lower impact compared to air transport (please refer to the table on the main Italy/China route, below).



Source of calculation: EcoTransIT World - UNI 16258

² WTW, Well-to-Wheel is the index that includes the production, transport and distribution of fuel, including the final energy combustion.

³ TTW, Tank-To-Wheel is the index that represents the total energy used to set in motion the respective modes of transport.



| ORT me/) | Ton CO ₂ e (WTW) | Ton CO ₂ e (TTW) |
|-----------------|--------------------------------|--------------------------------|
| | 71.11 | 58.26 |
| 1 | 1.20 | 1.08 |
|) | 3.90 | 0.07 |



With regard to China-Europe Transport in the reference year, SIPA has further increased the volume purchased in value and weight, but shipments have more than halved compared to the 2020-21 two-year period.

| | Train | | Sea | | Plane | | |
|------|---------------------|-----|---------------------|-----|---------------------|-----|--|
| | Number of shipments | Ton | Number of shipments | Ton | Number of shipments | Ton | |
| 2020 | 36 | 108 | 22 | 149 | 396 | 53 | |
| 2021 | 11 | 45 | 41 | 406 | 122 | 148 | |
| 2022 | 0 | 0 | 48 | 505 | 104 | 228 | |

Number of shipments (n), SIPA 2020-2022



Good shipped (t), SIPA 2020-2022



With regard to sustainability, SIPA has defined a series of initiatives aimed at improving the involvement of external stakeholders. Most of the initiatives have been implemented in the current year.

In particular, an update relating to the reference year should be mentioned here:

1) In 2021, SIPA completed the first EcoVadis assessment, obtaining an overall score that placed it in the average of the companies in the sector. As a result, the actions necessary to improve the score during 2022 have been launched and are ongoing. They have led to an overall assessment that now places SIPA in the top 5% of companies rated by EcoVadis in the special purpose machinery manufacturing sector (Silver Medal). As far as Sustainable Purchasing is concerned, SIPA is now in the top 2% of companies rated by EcoVadis with a score of 70/100. Its recognised strengths include:

- having a purchasing policy attentive to environmental and social issues and integrating these aspects into contracts with suppliers, implementing and having them sign a Sustainability Code of Conduct, to which suppliers must adhere;
- having conducted an in-depth screening of its spending categories (Sustainability Risk Analysis) to map the potential sustainability risk, thus enabling a list of high-risk suppliers to be established for sustainability assessments and/or audits;

| | 505 |
|------|------|
| 406 | |
| | |
| 1/18 | 228 |
| 140 | |
| 45 | |
| | 0 |
| | |
| 2021 | 2022 |
| 406 | 505 |
| 45 | 0 |
| 148 | 228 |





Having transmitted the Supplier Code of Conduct to the 143 main suppliers to be shared and signed (see progress below). Then, starting from July 2022, the determination of the level of risk on sustainability issues has also been introduced into the evaluation and validation process of new suppliers.

| | High Risk | Medium Risk | Low Risk | Total |
|----------------|-----------|-------------|----------|-------|
| Signed | 60 | 30 | 24 | 114 |
| Not yes signed | 10 | 12 | 6 | 28 |
| Rejected | 0 | 1 | 0 | 1 |
| % Signed | 85% | 70% | 80% | 79% |

- carrying out valid monitoring on more specific issues, such as the use by sup-• pliers of materials from conflict areas (CMRT) or chemicals that are verified according to REACH standards;
- having defined a programme and budget for 2023-2024 to implement a large-scale supplier involvement process to define improvement priorities and implement the necessary actions on sustainability issues. Such involvement will also require the participation of major suppliers, especially those classified with a medium-high level of risk in the EcoVadis rating, in order to identify and share improvement action plans and set up future audits to monitor their progress.

2) With regard to the use of Paper and Packaging Materials, there are active purchase contracts that guarantee the use of paper and boxes for recycled packaging or with FSC certificates.

3) The plans to select the software to implement the "Supplier Portal" have been delayed to 2024, after the implementation of the new ERP, which will allow SIPA, among other benefits, to reduce the use of paper, toners and archives. In addition, all persons involved in the information management process with suppliers will be able to benefit from a more streamlined operational process, focusing on higher value-added activities, with an improvement in the quality of their work.





ENVIRONMENT

ZIHET

Aware of the impact of its activities on the environment, ZIHET has implemented an ISO 14001 certified environmental management system in its plants in Italy, Romania and China, expanding the body of procedures year by year, together with the records and documentation associated with the system. The environmental aspects and the related legal requirements are then monitored through the ISO 14001:2015 certification. Starting from the Italian factories, specific procedures related to environmental crimes, in accordance with the management and control model pursuant to Legislative Decree 231/2001, have also been applied in foreign plants.

In terms of energy efficiency, the Group has implemented an energy management system in the Italian plant in compliance with ISO 50001:2018. This system, together with the aforementioned procedures developed in each ZIHET plant, is used to monitor the achievement of these objectives:

- reducing the release of pollutants into the air, water and soil;
- limiting the use of natural resources;
- materials;
- ment, inside and outside the company.



encouraging, optimising and increasing the use of recycled and recyclable

reducing process waste by improving the management of production processes;

raising awareness and informing the available human resources for the environ-

Research and development: designing for the environment

The main objective of the Research and Development area of the ZIHET Group is to pursue sustainable design through the logic of Design for Environment.



Two macro-objectives have been identified:

- To minimise the carbon footprint linked to item production by optimising the use of materials, choosing materials that are recycled or have the lowest possible impact;
- b. To encourage the creation of products that are more efficient and sustainable in all phases of use and at the end of their useful life.

During 2022, ZIHET's research and development area focused on improving the efficiency of materials and processes, developing products with a lower energy impact, and reducing the presence of hazardous substances contained in the products.



Among the Group's main projects in 2022, the most significant were:

- The study of new materials for the creation of resistive elements that do not contain substances dangerous to people and the environment;
- Re-design of the product and process for the production of resistive elements that allow the reduction of energy consumption

The company's constant commitment to research, innovation and the creation of products with less energy and environmental impact has also been supported by the "paperless project", a campaign for the progressive reduction of paper in favour of digitalisation and efficiency. The use of materials, as well as the production processes, have been affected by the intent of the company and the R&D department to enhance the efficiency in all ZIHET plants, with particular commitment from internal stakeholders belonging to the Engineering, Operations, Purchasing, Sales, Quality and technical departments. The activities carried out in these areas have delivered results through the automation of production lines, the use of innovative production technologies and a design more attentive to energy consumption and sustainable savings.

The commitment to improving environmental performance linked to the company reality has been found in every ZIHET plant in Italy, China, Mexico, Serbia and Romania, with the adoption of common values and ambitions. Examples are the investment and replacement of facilities and equipment for greater energy efficiency, the increase of energy saving practices within the plants, such as the shutdown of machinery if on standby and on weekends and the elimination of compressed air leaks. Other initiatives include the design of waste and heat recovery for the heating of offices, the purchase of energy with 100% guarantee of origin from renewable sources, the replacement of electrical energy systems with new ones powered by renewable energy in the work environment, the installation of LED lights, the revaluation of green areas outside the plants (600 trees were planted in the Mexican sites), the elimination of paper in favour of digitisation and the introduction of smart working, the implementation of audits and communication with customers on environmental issues.

In particular, it should be noted that the Italia team has succeeded in setting up an Energy Team that, meeting quarterly, monitors energy consumption. In addition, the ZIHET plants in Italy, Romania and Serbia are continuing with the "Green Tubular" project, which was started in 2021, to reduce the impact of the most energy-consuming production phases.



Energy consumption

Energy consumption is a fundamental aspect for the Group's business, both for the part of heating elements and for the part of systems for the production of packaging. Over the years, all the Group's plants have made significant efforts to introduce technologically advanced industrial facilities and to optimize and improve the management of existing plants, in order to reduce energy consumption.

Until 2021, the compressed air used in the Hangzhou plant was purchased as a service, but from 2022 onwards, self-production began as in the other plants of the Zoppas Group. To make the CO2 data for 2022 comparable with previous years, we have excluded from the accounting the electricity used for the production of compressed air in the Hangzhou plant.

From the next 2023 sustainability report, we will evaluate whether to continue with this methodology or to recalculate all the data from previous years to homogenize the data by considering the energy necessary for the production of compressed air purchased from the Hangzhou plant.

Electricity consumption (GJ) by locations, ZIHET 2020-2022



Electricity consumption (GJ)/turnover, ZIHET 2020-2022



The graphs show that electricity consumption (absolute value) is down by -2%, but when related to the turnover variable, there is a downward trend of -9%.





Natural gas consumption (GJ)/turnover, ZIHET 2020-2022



Methane gas consumption decreased both in absolute value (-12%) and in relation to turnover (-18%).

100

Sustainability Report 2022



CO₂ eq emissions

The primary challenge of the Group and its companies is to become carbon neutral, completely zeroing CO2 emissions by 2050 and reducing them extremely significantly (-35%) as early as 2025. The Group's reduction objectives are also reported through participation in the CDP rating.

Below are the data relating to SCOPE 1 and SCOPE 2 emissions:

Ton CO₂ eq SCOPE 1, ZIHET 2020-2022



Ton CO₂ eq SCOPE 2, ZIHET 2020-2022



The emission factors used to calculate SCOPE 2 for Italy refer to the factors published by ISPRA ("Greenhouse gas emissions factors into the atmosphere in the national electricity sector and in the main European countries - 317" ISPRA 2020).

For the plants in Romania, China, Serbia and Mexico, those present in the Ecoinvent 3.7 database were considered as emission factors.

As regards the calculation of SCOPE 1, the emission factors considered refer to those published by the Italian Ministry of the Environment (Table of national standard coefficients 2021).

For the ZIHET Italy and ZIHET Romania offices, in the plants where the group procures energy with a 100% renewable certificate of origin, the emissions were considered zero. The data shows that in absolute value emissions increased by 14% compared to 2021, if we consider this value compared to turnover there was an increase of around 6%. The increase in SCOPE 2 emissions in particular for the Romanian plant is attributable to the procurement which in 2022 was not totally guaranteed of origin, but only for a portion.

With a view to reducing CO2 emissions linked to the fleet of company vehicles, a project is planned to replace traditional vehicles with hybrid models.

Ton CO₂eq emissions (SCOPE 1+2), ZIHET 2020-2022



⁴ https://www.assolombarda.it/servizi/ambiente/informazioni/ets-tabella-parametri-standard-nazionali

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TON CO₂ eq (SCOPE 1+2)/turnover, ZIHET 2020-2022

0.15

0.10

0.05

0



0.09

2020



104 h

Management of water resources

The water supplies of ZIHET derive mainly from municipal aqueducts, mainly for civil uses, while the water for technological uses (such as machinery cooling and fire-fighting systems) is taken from wells.

Group water withdrawals (ML), ZIHET 2020-2022



Water withdrawals (ML) divided by plant, ZIHET 2022



The graphs clearly show how water withdrawals have decreased compared to 2021 in absolute value (-28%) and also in relation to turnover (-23%).





Sustainability Report 2022



Waste Management

ZIHET constantly monitors, through specific registers and databases, the volume of waste generated by all plants, compliance with all regulatory obligations and related storage requirements. In particular, there are procedures that describe the waste collection and management process adopted by the Group.

The main waste generated by the Zoppas Industries Group consists of scraps of ferrous and metallic material in general. Plastic components, packaging (multiple materials), used oils, sealing resins, absorbent materials and rags generate smaller quantities of waste.

Waste breakdown (%), ZIHET 2022



In 2022, ZIHET reduced the generated waste by 8% (absolute value) and by 15% if considered in relation to the turnover. Only 10% is hazardous waste.

Generated waste (t), ZIHET 2022

| 3000.00 2500.00 2000.00 1500.00 1000.00 500.00 0.00 | | | | | _ | |
|-----------------------------------------------------------------------|--------|--------|---------|---------|--------|--|
| | Italy | China | Mexico | Romania | Serbia | |
| Hazardous waste to disposal operation | 750.27 | 33.86 | 4.24 | 112.02 | - | |
| Hazardous waste recovered or reused | 28.72 | 3.83 | 0.0 | 24.60 | 0.15 | |
| Non-hazardous waste to disposal operation | 589.16 | - | 23.97 | 874.33 | 7.60 | |
| Non-hazardous waste recovered or reused | 669.50 | 853.27 | 2507.49 | 2595.89 | 157.15 | |







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Hazardous waste

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SIPA

SIPA's commitment to the environment has always been constant, effective and measurable. Over the years, SIPA has focused on more reasonable consumption of raw materials and lower consumption in general: consistently, in 2021, it decided to undertake a certification of its environmental management system in accordance with the ISO 14001:2015 standard.

SIPA is one of the pioneers in the approach to circular economy in its sector, because it develops and proposes to the market technologies that can give new life to second-hand resources by reintroducing them into the production system. A perfect example of an advanced technological solution for the circular economy is XTREME RENEW, the world's first system for the production of preforms and bottles for food use, containing 100% recycled PET, starting from bottle flakes that are recycled in a single production cycle.

Producing bottles starting from recycled bottle flakes leads to energy savings of almost 30% and a 79% reduction in CO2 emissions compared to the production of containers using virgin material, and a reduction of 18% compared to the traditional system for the production of recycled PET containers using granules.

SIPA designers are involved in the development of more than 3000 new containers every year. The three Rs - Reduce, Reuse, Recycle - are constant principles in all these projects. SIPA has now set up a new brand - AWArPET - which represents an environmentally friendly approach to the design and production of PET packaging.

SIPA follows, very carefully, the guidelines of Recyclass, Design for Recycling, established by the EPBP, the European PET bottle platform. This voluntary initiative in the industry provides guidelines for designing PET bottles optimised for recycling, evaluates packaging solutions and technologies and helps understand the effects on recycling processes. It has established several testing procedures to assess the impact on packaging recycling. Products that pass the tests should not cause problems during recycling.

AWArPET bottles are very light. However, low weight is not the only factor to consider. A well-designed but heavier PET bottle, with a PET label, could actually be more sustainable than a lighter but multilayer bottle or a bottle with PVC label, both of which hinder effective recycling. SIPA uses the Green Plastic Factor to show how light a bottle is in relation to what it contains. The Green Plastic Factor (or GPF) is the ratio between the volume of the container's content in millilitres and the weight of the empty container in grams.

Energy consumption

Energy consumption is a fundamental aspect also for packaging production systems; for this reason, SIPA has implemented a system for monitoring electricity consumption in its factories.

In 2022, in relation to energy, SIPA focused on objectives such as controls on the compressed air distribution system in order to minimise losses, the application of specific controls on the efficiency of boilers, the investigation of solutions or proposals for self-production of energy.



Electricity consumption (GJ)/turnover, SIPA 2020-2022



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The collected data show that, in 2022, energy efficiency projects led to a 14% reduction in electricity consumption (absolute value) compared to 2021; if these values are considered in relation to turnover, the reduction is 21%.

2020 2021 2022 16.000 14,000 12,000 10,000 8,000 6,000 4,000 2,000

Natural gas consumption (GJ), SIPA 2020-2022

11,414

Natural gas consumption (GJ)/turnover, SIPA 2020-2022



13,977

11,786

The consumption of natural gas fell by 16% (absolute value); if considered in relation to turnover, the decrease is more significant (-22%).

CO₂ equivalent emissions

CO₂ emissions are another important aspect the Group has invested in, and this includes packaging systems. To date, all SIPA Italia plants are supplied with energy with a 100% certificate of origin from renewable sources.

Emissions data have been recalculated for the last 3 years, considering the emission factors present in the ECOINVENT database (version 3.8 2021) for fuels and electricity. The data shows that emissions decreased by 9% (absolute value) and by 16% in relation to turnover.

In order to reduce the CO₂ emissions of the company car fleet, the project to transform it at Zoppas Group level into a "green" fleet was defined and activated in 2022. With the help of a specialised external company, an in-depth analysis of user profiles (average distances, frequencies of use, opportunities to use and install charging systems, etc.) was carried out in order to identify the solutions with the least impact to be adopted on a case-by-case basis. The result is a company policy that promotes the use of electric and hybrid (Plug In or Full) technologies and that, once the replacements are completed, will reduce the CO₂ emissions of the company fleet by 38%.

Total CO₂ eq emissions (SCOPE 1+2)/M turnover, 2020-2022







Water withdrawals (ML), SIPA 2020-2022



Waste Management

SIPA monitors the volumes of waste generated in its plants in specific registers and databases, in compliance with all standard requirements and associated filing requirements.

The main waste generated by SIPA is: plastic packaging materials, ferrous metal scrap and wood packaging materials.

SIPA's objective in recent years has been to reduce waste generation as much as possible. Waste generation fell by 13% compared to 2021 (absolute value) and by 20% in relation to turnover.

The generation of hazardous waste is confirmed to be very low (13% of total generated waste).



Total emissions ton CO₂ eq (SCOPE 1+2) 2020-2022





Management of water resources

The graph below shows how water consumption has been increasing compared to the previous year; there is a 15% increase (absolute value) and a 6% increase in relation to turnover.

Water withdrawals (ML)/turnover, SIPA 2020-2022







Generated waste (ton), SIPA 2022

Generated waste (t)/turnover, 2020-2022





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PRESENT AND FUTURE TARGETS AND GOALS

In 2020, the Group had set itself specific objectives to be pursued over the three-year period, in line with the main strategic guidelines. Most of the objectives that the Group had set for itself are still being implemented and continue to be monitored.

The **Sustainability Plan** is a path in continuous evolution and **the impact analysis** has helped to frame how the actions undertaken by the Group have, or could have, repercussions (positive or negative) on the organisation, the environment and people, highlighting in this way **the strategic and priority areas to generate benefit, mitigate and prevent negative externalities**. In this sense, the Sustainability Plan has been updated with **new objectives** and with the continuation of longer-term objectives, with the aim of continuing its commitment to sustainable development.



| | | ZIHET - GOVERNANCE GOALS | | | | |
|--------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| | Material theme | Goals 2020-2024 | Progi | ress 2022 | | |
| 13 CIMAR ACTION | Business ethics and risk management | Sustainability Committee | | In 2022, the sustainability committee met several times to oversee the issues and new initiatives undertaken by the company. The finance manager will have a coordinating role between all Group companies on ESG issues. | | |
| | | Connect the MBOs, remuneration and incentive policies related to sustainability issues | نې ش | 67% of C levels managers have MBO goals linked to sustainability issues. | | |
| | | Promotion of investments in sustainability projects | During 2022, the company integrated investments into social projects. Obtaining the EcoVadis Silver Medal Italia confirms the Group's commitme the ecovadis certification will be extern entire ZIHET group. | During 2022, the company integrated various investments into social projects. Obtaining the EcoVadis Silver Medal for ZIHET Italia confirms the Group's commitment. In 2023 the ecovadis certification will be extended to the entire ZIHET group. | | |

| | | ZIHET - ENVIROI |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Material theme | Goals 2020-2024 |
| | | Extension of ISO 50001 certification to plants in Mexico and Romania |
| 7 ATTORNALE AND CLAN BARRY | Energy | Reduction of CO2eq emissions into the atmosphere by 5% (plant efficiency) |
| 9 NOUSEY, MOUDO PAGESEY, MOUDO 15 IST IST IST IST IST IST IST IST IST IST IST IST IST IST | and Climate Change | Reduction of CO2eq emissions into the atmosphere by 30% through the purchase of certified green energy |
| | | Extension of the perimeter of participation in the CDP for the Roman, Mexico, China and Serbia plants and obtaining of class C or higher |
| 12 REPORTER DOCUMENTIA NO FORCING | Eco-Product | Minimization of the carbon footprint associated with the creation of ZIHET's products |
| AN PROCESS | Design And Innovation | Development of increasingly efficient and sustainable products in the use and end-of-life phases |



|) | NMENTAL GOALS | | | | |
|---|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| | Prog | ress 2022 | | | |
| | ් ලා | Romanian plant will obtain ISO 50001:2018 certification by December 2023, while Mexico plant has started the preparatory activities for achieving the certification. | | | |
| | | Various energy efficiency projects have been developed in all Group companies to reduce consumption. In 2021, energy savings for pro- duction efficiency were over 12%. | | | |
| | ් ලා | Purchase of green energy with certificate of guarantee in the Italian and Romanian plants. | | | |
| | | The participation of CDP was extended to 5 plants of the ZIHET group obtaining C score. | | | |
| | ්ර ලා | ZIHET is working on the "design for disassem- bly" in order to minimize the carbon footprint by using recycled materials and with the lowest possible impact. Investments continue in the "green tubular" project | | | |
| | نې نې | ZIHET launched a pilot project in 2022 to de- velop a calculation tool for quantifying product carbon footprint and recycled material content for heating systems | | | |

| | Material theme | Goals 2020-2024 | Progr | Progress 2022 | | |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| 9 ROUSIRY, MONOTOR AND INVESTIGATION 10 ACTION 11 ACTION 11 PARTNERSHIPS FOR THE CALLS | | Supplier management, favoring certified suppliers on environmental aspects | ් ලි | 67% of strategic suppliers are ISO 14001 certi- fied (+15% compared to 2021) | | |
| | | Optimization of saturation of means of transport | | Use of the Full Load Container principle through saturation KPIs | | |
| | Supply chain management | Implementation of monitoring/audits concerning social and environmental issues on suppliers | ් රට | An initial ESG assessment was prepared for ZIHET suppliers through the portal. Evaluation will start in 2023 | | |
| | | Implementation of an increasingly important process of involvement of external SHs on economic, environmental and social issues | نې نې | More than 95% of strategic suppliers commu- nicate electronically with ZIHET through the supplier portal | | |
| 9 INDUCTORY, INNOVATION AND INFRASTRUCTURE | | Purchase FSC certified recycled paper | | The Zoppas Group buys 100% FSC certified recycled paper | | |
| | Responsible management of resources | Dematerialization of document processes and adoption of paperless processes in all company departments | | -Implementation of a tool (software) for approving corporate documents in electronic format. - Digitization of the internal personnel management process (shifts, attendance, EHS) - Attendance register of training courses in electronic format - MES (Manufacturing execution system) implementation in some processes in the Italian plant | | |
| | | ISO 14001 certification extension in ZIM | ්ට ලට | ZIM will obtain ISO 14001:2015 certification by December 2023 | | |

| | | ZIHET - SO | C |
|-------------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---|
| | Material theme | Goals 2020-2024 | |
| 4 eocanox | Human Capital Management | Strengthening of internal know-how thanks to the acquisition of new skills Improved human capital management | (|
| 3 DOOD HEALTH AND MILL-STING | Health and Safety of workers | Investments in occupational health and safety in terms of new technologies and hours of training | Ę |



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|) | CIAL GOALS | | | | | |
|---|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
| | Progress 2022 | | | | | |
| | | The training hours provided by ZIHET in 2022 were 134,633: an increase of 60% compared to 2021 During 2022, the Mexico, Romania, China and Serbia plants underwent a social due diligence activity aimed at improving company manage- ment and human resources | | | | |
| | ن ن ن ن | Implementation of specific procedures to im- prove occupational health and safety manage- ment, such as the procedure for reporting "near misses" | | | | |

| Material them | SIPA - GOVEF Goals 2020-2024 | RNANC | E GOALS |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Greater involvement of the Governing Body in the evaluation of choices related to sustainability, also through the implementation of the activities recommended by the Sustainability Committee | (Q) | During 2022, a new figure was integrated within the SIPA sustainability committee: Finance Director who will have a coordination role with the parent company on ESG issues |
| Business ethics and ri managemen | isk ht Promotion of investments in sustainability projects | (O) | Important energy efficiency initiatives were carried out in 2022. The largest investments concerned the replacement of tooling machi- ning centres with new energy-efficient machi- nery and the replacement of skylights to reduce the hours of artificial lighting in the production departments. During 2022 SIPA actively participated in the collection of aid for the Ukrainian populations involved in the war and sponsored local cycling and basketball teams. In 2022 the projects also focused on collabora- tions with local communities and educational institutions for the training and specialization of students |
| | Connect MBOs, remuneration and incentive policies related to ESG issues | C | This project will be implemented next year |

Reduction in the use of virgin raw materials

| NMENTAL GOALS | | | | | |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
| Progr | ress 2022 | | | | |
| සු ල | Checks on the compressed air distribution system in order to minimize losses along the distribution line Application of specific controls on the efficiency of boilers Relamping and energy efficiency projects Reduction of the time required for internal te- sting of SIPA machines and therefore reduction of energy consumption | | | | |
| | Electricity from renewable sources with guaran- tee of origin Reduction of methane consumption for heating by narrowing the system ignition calendar Emissions decreased by 9% in absolute value and by 16% compared to turnover Three-year fleet replacement project activated that will lead to a 38% reduction in emissions | | | | |
| ත් ලා | Technical solutions have been developed to improve the production of packaging with high content of recycled material (rPET) by machines offered both for the production of preforms (XActive Cleaning) and for the blowing of bott- les. Increased the offer of packaging solutions from a Design for Recycling perspective. | | | | |
| ්ට ල | Technologies have been developed to reduce the energy consumption of the machines offered for both preforms and bottles (Green Ovens) and the reuse of compressed air | | | | |
| ්රා රට | Increasingly lightweight packaging solutions in order to reduce the quantity of virgin raw material needed Reduction of the material used for testing because testing times have been optimized and reduced | | | | |

| | Material theme | Goals 2020-2024 | Progr | Progress 2022 | | |
|----------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| 17 PATHERSINPS | Supply chain management | Preparation of a specific procedure for the qualification of suppliers on environmental aspects | | A purchasing policy attentive to environmental and social issues has been drawn up which inte- grates these issues into contracts with suppliers Sustainability Code of Conduct was signed, which suppliers must comply with | | |
| | | Supplier screening on environmental and social aspects | | An in-depth screening by spending category was conducted (Sustainability Risk Analysis) to map the potential sustainability risk, allowing to establish a list of high-risk suppliers for sustai- nability assessments and/or audits SIPA will request the participation of key sup- pliers on the ECOVADIS portal in order to identi- fy and share improvement action plans and set future audits to monitor their progress | | |
| | | Optimization of the Europe-China routes | | Volume of goods purchased has increased but the number of shipments has more than halved | | |
| 9 MUSTRY, MMUMUUR MU BIRRASTRUCTURE | Responsible management of resources | Introduction of separate collection system inside the offices Progressive reduction of paper in favor of digital, digitization of the machine assembly area and the mold production area Purchase FSC certified recycled paper | | The Zoppas Group is sourcing 100% from FSC certified recycled paper Replacing paper cloths at the factory with wa- shable and reusable fabric cloths | | |
| | | Obtaining ISO 14001 | | SIPA has achieved ISO 14001:2015 certification | | |





4 QUALITY EDUCATION



| Pro | gress 2022 |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Formalization of the smart working policy The Group favors work-life balance initiati- ves, allowing for part-time employment when required. |
| Ø | Relations with schools continue to bring stu- dents closer to the Company: also in 2022 the Pathways for Transversal Skills and Orientation were activated. Collaborations with Technical Institutes and Uni- versities, thesis projects, Academy project and recruitment project on the national territory. |
| Ø |) Injury frequency index decreased by 40% Injury severity index decreased by 17% |



INDEX OF COMPLIANCE WITH THE GRI AND SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS FOR 2030

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| | 2-2 | Entities included in the organiza- tion's sustainability reporting | 3, 4 | |
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| GRI STANDARD | INFORMATION | DESCRIPTION | PARAGRAPH | OMISSIONS/ NOTES |
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| | 302-3 | Energy intensity | 9.1.2, 9.2.1 | |
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| | 303-1 | Interactions with water as a sha- red resource | 9.1.4, 9.2.3 | |
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| | 305-2 | Indirect greenhouse gas (GHG) emissions from energy consump- tion (Scope 2) | 9.1.3, 9.2.2 | |
| | 305-4 | Greenhouse gas (GHG) emission intensity | 9.1.3, 9.2.2 | |
| | 305-5 | Reduction of greenhouse gas emissions (GHG) | 9.1.3, 9.2.2 | |
| GRI 306: Wast | e 2020 | | | |
| Management mode | 306-1 | Waste generation and significant waste-related impacts | 9.1.5, 9.2.3 | |
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| GRI 308: Envir | onmental assessme | nt of suppliers 2016 | | |
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| DESCRIPTION | PARAGRAPH | OMISSIONS/ NOTES |
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| safety 2018 | | |
| Occupational health and safety management system | 7.3 | |
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| tunities 2016 | | |
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