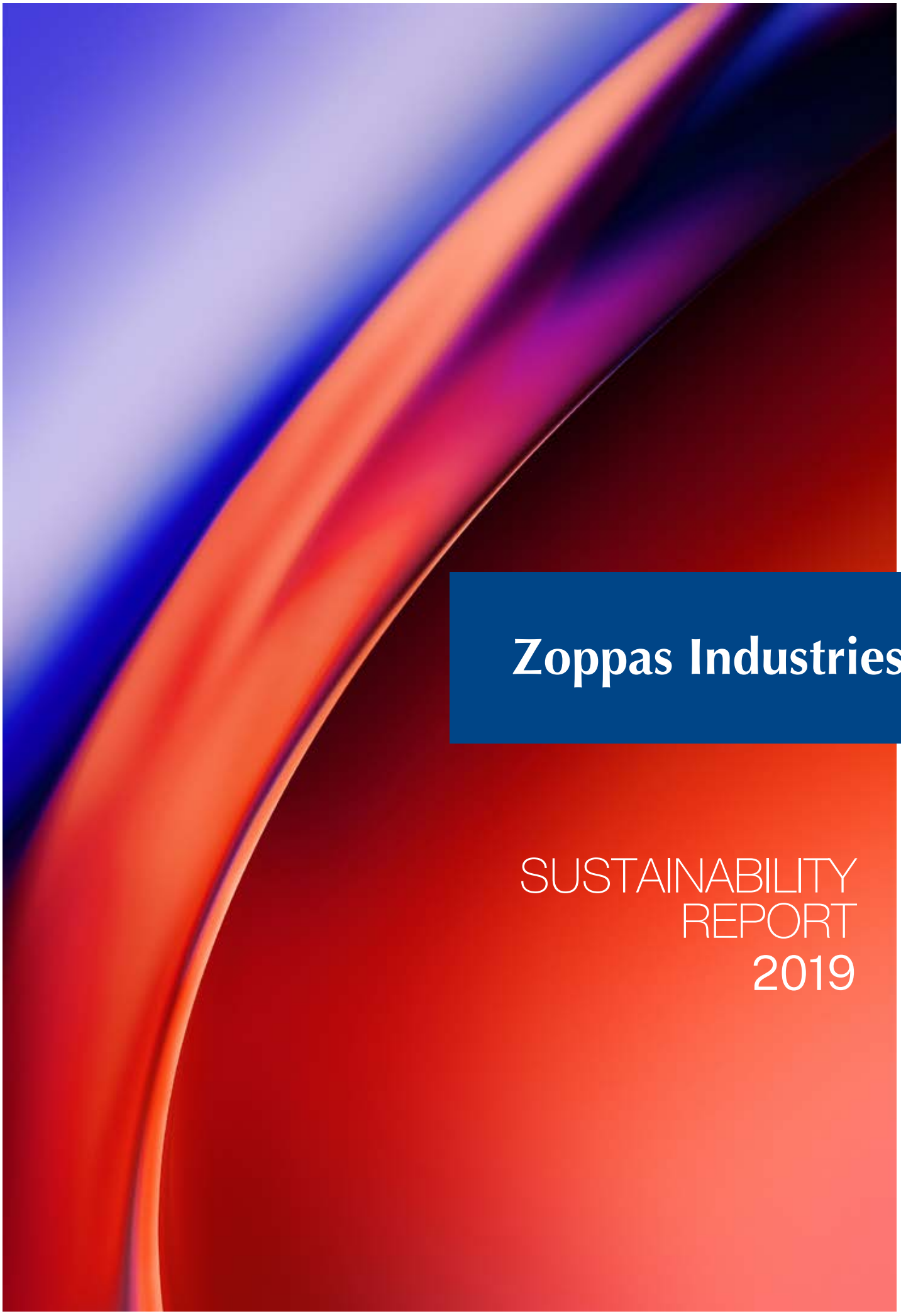

Zoppas Industries

SUSTAINABILITY
REPORT
2019


Zoppas Industries
Heating Element Technologies
SIPA

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Introduction

The 2019 Sustainability Report is the communication tool for the annual results of the Zoppas Group's sustainability path towards its stakeholders.

This document stems from the need to describe the choices and initiatives adopted by the Zoppas Group aimed at increasing the ability to generate value by operating according to sustainability principles and criteria, combining economic objectives with those of a social and environmental nature to increase the level of trust and safety perceived by customers and all stakeholders, inspire responsibilities, identify and manage risks and seize new opportunities.

The document has been prepared using as a technical-methodological reference the "Global Reporting Initiative Sustainability Reporting Standards" (hereafter GRI Standards) issued by the "Global Reporting Initiative", integrated with the Sustainable Development Goals (hereafter also Sustainable Development Goals or SDGs) developed with the 2030 Agenda.

The reporting perimeter of the Sustainability Report extends to:

Zoppas Industries Italia – I.R.C.A. S.p.A.

Zoppas Industries Romania S.R.L.

Zoppas Industries Serbia doo

Zoppas Industries Hangzhou (Cina) Ltd

Zoppas Industries de Mexico, S.A.

SIPA S.p.a

1 https://www.globalreporting.org/standards/

2 https://www.un.org/sustainabledevelopment/sustainable-development-goals/

Letter from the Chairman

The Zoppas Industries Group operates mainly in two industrial sectors: systems and heating elements for various markets, from household appliances to aerospace (Zoppas Industries Heating Element Technologies) and packaging production systems (SIPA SpA).

Zoppas Industries is present all over the world through production plants, commercial branches, sales agencies and representative offices. The Group employs over 8900 employees worldwide and has 18 production facilities in 10 countries.

In recent years, the Group has accelerated its penetration activities both productively and commercially both in Europe and in emerging markets in Asia, India and Africa, which are in addition to production and sales locations on the American continent. This effort is accompanied by the construction of a solid sustainability strategy, which involves strong doses of intelligence, research, investments and technologies.

We are honored to have embarked on a path that will lead us to reduce emissions and improve our energy efficiency, in accordance with the principles expressed in the United Nations 2030 Agenda and the Paris Agreement. We confirm our commitment to combining environmental sustainability and economic development: we firmly believe that companies can also help deliver a better world to future generations and that is also why we continue to research and develop systems that allow the principles of circular economy and energy saving to be implemented."

In the first place and with great concreteness, sustainability is aimed at the competitive advantage of the company: investing and developing technologies to propose on the market product and service solutions that meet environmental sustainability requirements (for example, the development in SIPA of a solution within the circular economy for the 100% recycling of PET plastic, contributes to solving this problem; in IRCA the contribution to ADBLUE technology with dedicated heating elements allows to reduce emissions of diesel engines).

Other aspects to be considered as priorities concern social sustainability: The Group's activity in the territorial fabric is already very important in itself, but it could still be increased not so much or not only for the families living in the company, but also for everything outside the close working relationship between collaborators and the company: the relationship with schools and the University, donations, training, welfare (e.g. management of the company kindergarten): activities that allow a higher integration of what the company is in the social context of the territory.

The Group is already in many ways and on different sides a point of reference - for customers, but also at institutional level - as a company very careful to provide solutions that have a strong relevance to the reduction of environmental impact: an image born from the substance.

This is the case of SIPA SpA, which designed and manufactured XTREME RENEW, the first system for the production of preforms for food-contact containing 100% recycled PET starting from flakes, in a single heating cycle.

Looking at the development of machines and technologies, in the Group there is a lot of attention to the aspect of energy consumption; first of all because it is among the main customer requests, and therefore one of the main key points. More generally, there is a continuous search for technical solutions that have a minimal impact from the point of view of consumption, but also sustainable for the environment in general: highly integrated technical solutions to guarantee factory layout with very compact foot-print that in turn involve reduced energy consumption, also linked to reduced logistics.

Another central theme is the durability of machinery and components, and how many resources are used to create and make them last by seeking a difficult balance between performance and resource reuse.

Sustainability in supplies means maximizing business and sustainability in an integrated way with a fleet of suppliers who follow the same principles as the company: therefore great attention to the theme of pollution in everything related to the handling of goods: the Group needs to move worldwide, therefore to use the means with a view to maximum optimization, to have the least economic and environmental impact. This implies, for example, the obligation to use suppliers with Euro 5 or Euro 6 fleets or to pay particular attention to transport by train and ship.

The relationship with suppliers, the search for quality means well organized work and compliance with requirements. All this implies a strict respect for ethics, roles and responsibilities, avoiding situations of little transparency and at the same time trying to obtain the highest quality at the first release avoiding waste, since these are onerous activities and therefore savings are fundamental; the report is based on sound organizational principles at 360° both for product quality and technical requirements but above all with regard to the solidity of the organizational base that can also be achieved with partnerships based on the honesty of relationships so that they can be as long-lasting as possible.

Gianfranco Zoppas Cavaliere del Lavoro

Profile of the Zoppas Industries Group

ZIHET

Based in Vittorio Veneto, Italy, the company has **14 production plants** (4 in Italy, 1 in Germany, 1 in France, 1 in Switzerland, 1 in Romania, 1 in Serbia, 1 China, 1 in Russia, 1 in the United States and 2 in Mexico) and on **4 sales branches** (United Kingdom, Finland, Turkey, Brazil).

SIPA

Based in Vittorio Veneto, Italy, the company has **17 sales branches, 4 production plants** (two sites in Italy, one in Romania and one in China) and **35 after-sales service centers** for the supply of technical support and spare parts.

Our values

Market leadership

Be a market leader with a global presence in all sectors thanks to the quality of the product and service offered.

Generate the economic resources needed to sustain the leadership position.

Partnership with customers

Establish relationships with customers based on transparency, fairness and collaboration.

Evolve from supplier of heating elements to supplier of functional sub-assemblies, through the co-design approach with customers.

Growth and sharing of knowledge

Increase and consolidate internal know-how through training and human resource development policies.

Share technical and organizational know-how and skills with the Group's other production sites.

Product and production process innovation

Generate value through the development of new products and new technologies able to increase competitiveness in the market and meet the needs of customers in compliance with binding requirements.

Improve existing technologies to reduce total production costs, simplify production flows according to "lean" logics and increase product quality

Partnership with suppliers

Establish relationships with Suppliers who offer the best skills in terms of innovation, time to market, costs, service and quality to ensure maximum customer satisfaction and support the company's commitment to quality.

Continuous improvement

Encourage continuous improvement of the product and business processes, in order to achieve high levels of safety and reliability and guarantee quality standards of product and service together with an increasing competitiveness in cost.

Stimulate participatory behaviors and self-empowerment in all company roles and functions to support continuous improvement activities.

Efficiency of business processes

Be efficient and effective in all business processes by applying the methodologies of the "ZOPPAS LEAN SYSTEM" also supported by "project management" techniques".

Development of human resources

Investing in the professional and personal growth of human resources.

Zoppas Industries
Heating Element Technologies
ZIHET Spa

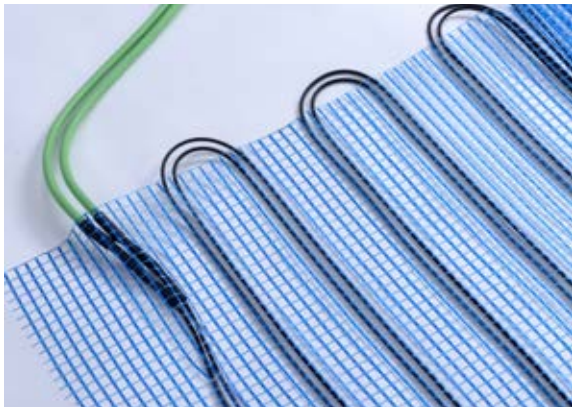
Heating elements and systems for over fifty years

Zoppas Industries Heating Element Technologies (ZIHET) is a division of the Zoppas Group that has been producing heating elements and systems, even completed with thermal controls, for domestic and industrial applications for over fifty years.

Using highly specialized Business Units, the group develops and produces heating elements for different application areas: from large to small appliances, from heating and conditioning of environments to the industrial market.

Competence

Zoppas Industries Heating Element Technologies has solid competence and steady innovation in developing tubular heaters, cartridges and band heaters, etched foil, heating cables, stitched wire heating elements, finned aluminum heaters, functional assemblies, and electronic controls.



Quality

The products are made from the best quality materials, precisely designed to strict standards to ensure long-lasting performance and low maintenance costs.

ZIHET - History

1963

ZI Heating Element Technologies began its activities in 1963 under the name IRCA. Between 1964 and 1970 IRCA directed its business at achieving leadership on the promising post-war Italian market and success in Europe, especially in applications for the household appliance industry.

1992

ZI Heating Element Technologies developed etched foil technology and began to participate actively in the main European space and aeronautics programmes. Polyimide etched foil heating elements for space applications achieved ESA approval.

1997

A new factory was built in Romania (ZIR - Zoppas Industries Romania). To reinforce its position and improve its service to the NAFTA area the group acquired Still-Man Heating Products Inc. and in 1999 PTH Precision Tubular Heating Inc. in Tennessee.

1999

A new factory was built in Mexico (ZIM - Zoppas Industries de Mexico S.A. de C.V.) to follow the delocalization of the main household appliance manufacturers. Etched foil technology continued to develop and this led to extension of the production area and an increase in equipment and human resources.

2000

In the month of November a joint venture agreement was signed with China, and ZIH (Zoppas Industries Hangzhou) was set up. Sales activities were reinforced on the Chinese and south-east Asian markets to prepare a development plan for products manufactured in the Chinese factory.

2005

Extension of the ZIH facilities was completed, trebling the production space available. In the same year the group acquired Foilpoint, a Finnish company specialized in etched foil heating elements for domestic and industrial applications.

2008

Through ZIM Zoppas Industries started supplying the American high-end market with heating elements for horizontal axis washing machines, a recently launched household appliance.

2009

From 2009 to 2010 investments were made and the ZIM and ZIH sales networks implemented. These mainly involved applications for the commercial and industrial sectors.

2011

A year of worldwide consolidation for the Zoppas Industries Group. Two important acquisitions were finalised to complete its technological portfolio: Nova Industries and Prang+Partner AG.
Nova Industries, re-named Nova Coil, based on Franklin (USA), is a leader in the manufacture of open coil heating elements. Prang+Partner AG, a Swiss company, specialises in technological markets, such as medical and railways, focussing on the development, production and sale of complete heating systems.

2016

Zoppas Industries Italy (Headquarters) adopts an Energy Management System integrated into its production plants. Gets ISO 50001 certification.

2017

For the Zoppas Industries Heating Element Technologies group it is a growing year in which 3 new production plants have been inaugurated in Mexico, Russia and Serbia.

SIPA Spa

Forty years of expertise in PET container manufacturing solutions

Since the 1980s, SIPA S.p.a. has been designing and manufacturing all technologies for the production, filling and secondary packaging of PET containers, from preform to final product, for beverages, food, detergency, cosmetics and pharmaceuticals, strongly supported by our worldwide service network. SIPA has a high degree of specialization and is a technological partner whose main objective is to offer its customers innovative and competitive solutions for every specific need. Its wide range of products includes preform production machines as well as both single-stage and two-stage container production systems (both rotary and linear blowers), filling monoblocks, product preparation systems, as well as the complete range of robotic and palletizing solutions.

SIPA also produces injection molds for preforms and blow molds providing its customers with various bottle design services, computer simulations and container prototyping.

SIPA - History

1980

SIPA (Società Industrializzazione Progettazione Automazione) was founded in 1980 as an engineering company providing integrated systems for flexible automation.

1986

In 1986 SIPA took a strategic step in the production of PET packaging with the acquisition of the license of single-stage technology for the production of PET bottles (polyethylene terephthalate) from a US company.

1989

Plastic packaging becomes the main goal of the company. A new range of small linear blowers has been designed, the SF line, in addition to the single-stage range, the ECS.

1997

The range of machines is redesigned on the basis of three product lines: single-stage systems, preform injection systems and bottle blowing systems. The growth is remarkable and requires the construction of a new plant, near the head office.

1999

SIPA presents the new high productivity rotary blower, SFR. Also thanks to this new system the potential market is expanding and SIPA strengthens its position as the only company able to handle the demands of both single-stage and two-stage systems.

2005

New linear blowing system, SFL: high performance, low consumption and great flexibility. Production of containers up to 10 liters.

2008

SIPA acquires 100% of the Berchi Group, a manufacturer of complete bottling and packaging lines. The acquisition of Berchi Group successfully leads to the completion of the 360 ° range of solutions.

2012

SIPA presents the XFORM 500, the new preform production system able to compete with the best systems on the market. It is immediately a great success.
Expansion of production plants with the addition of new production areas adjacent to the two already existing in Vittorio Veneto, Italy.

2013

The revolutionary XTREME injection-compression preform system has been introduced to the market: XTREME represents the new era of PET preform production.
Complete redesign of volumetric electronic fillers with the introduction of the Flextronic range that allow maximum flexibility to fill multiple products in the same machine.

2015

New single-stage systems for medium-low productivity, the ECS SP 50 and SP 80. The two systems are both designed to produce smaller batch containers than existing ECS HS and FX single-stage units.

2017

XTREME RENEW is born: the system transforms flakes from post-consumer bottles into high quality PET preforms with a content of up to 100% recycled. New generation of rotary blowers: XTRA, a platform designed to achieve maximum performance with the lowest consumption. Installed the first Sincro Bloc L: the innovative solution that integrates a linear blower with a rotary electronic filler. Renewed range of gravity mechanical fillers to fill cold or hot non-carbonated products.

2019

Installed in Brazil the first XTREME SINCRO CUBE system, for the production of detergent bottles, which incorporates the production of preforms, blowing and filling in a single system.

Governance

Corporate Governance Structure

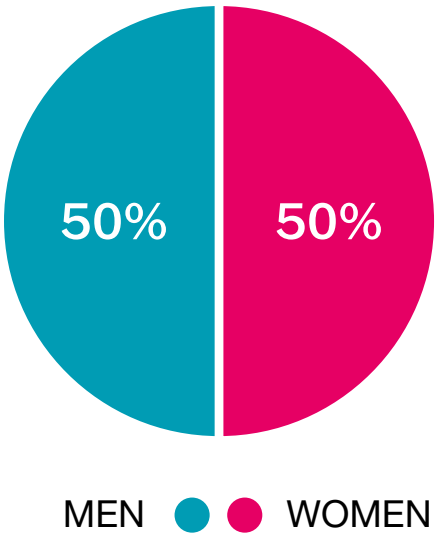
The corporate governance structure of the Zoppas Industries group is implemented according to an organization that provides for the presence of :

- the Shareholders' Meeting;
- the Board of Directors (the Administrative Body);
- the Board of Statutory Auditors.

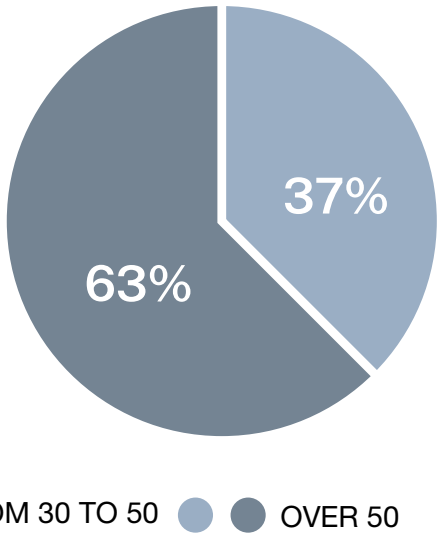
The Administrative Body or the Board of Directors is vested with all the powers of ordinary and extraordinary administration of the company, without exception of any kind and has the right to perform all the acts it deems appropriate for the implementation and achievement of social purposes. The representation of the company is the responsibility of its Chairman and/or the Chief Executive Officer within the limits of the delegated.

The Board of Statutory Auditors supervises compliance with the law and the Statute, compliance with the principles of correct administration and in particular the adequacy of the organizational, administrative and accounting structure adopted by the company and its concrete functioning.
The Assembly determines the administrative direction, monitors its implementation and carries out the activities reserved for it by law and by statute.

Board composition by genre



Board composition by age

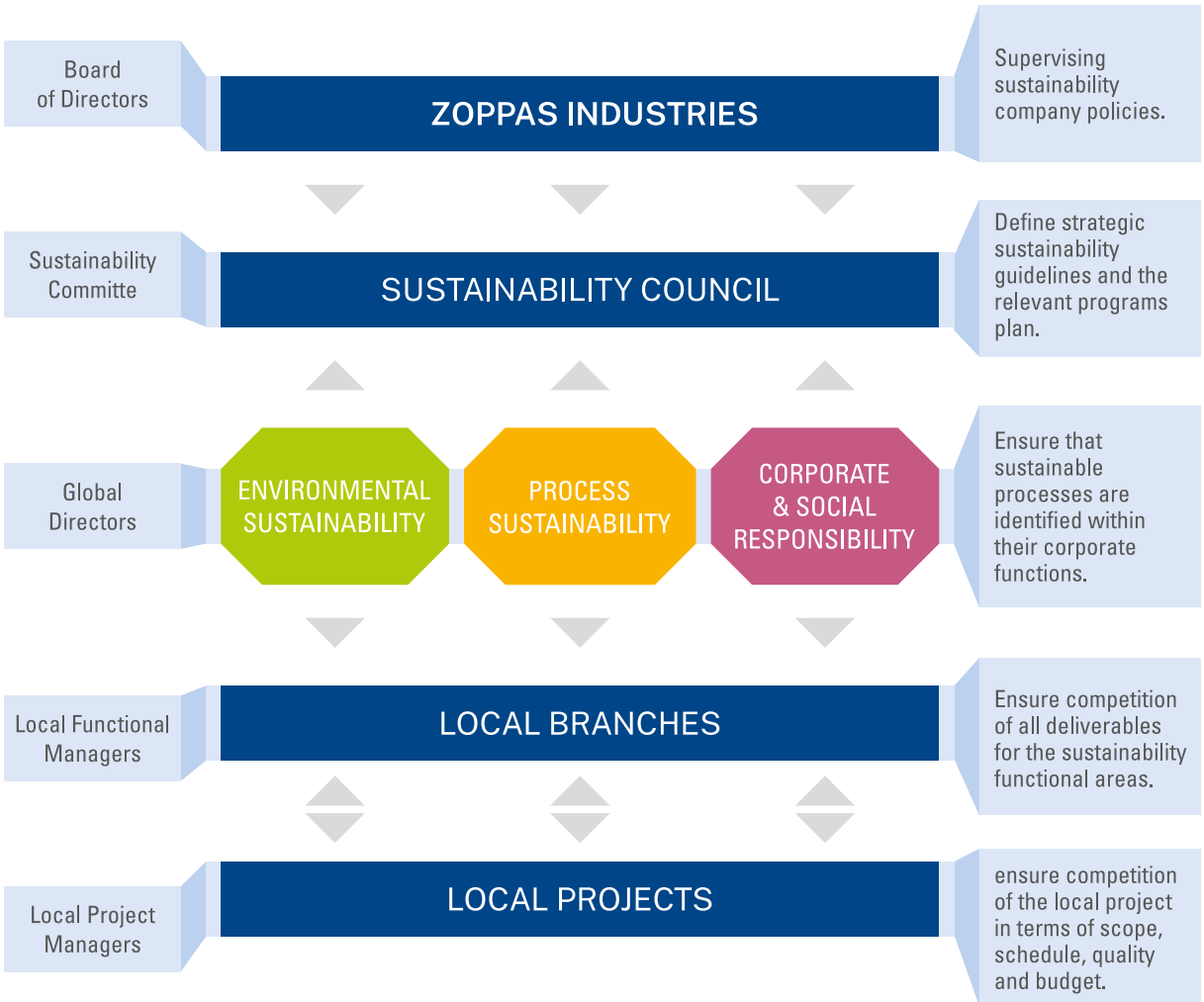


ESG Governance

Over the years, the Zoppas Industries Group has progressively integrated the ESG themes and the United Nations SDGs principles from the 2030 agenda into its Business Model.

The integration of ESG factors ("Environmental, Social, Governance") within the organizational and industrial process has allowed the company a better knowledge of risks and opportunities, while optimizing the creation of value for all stakeholders in the long term.

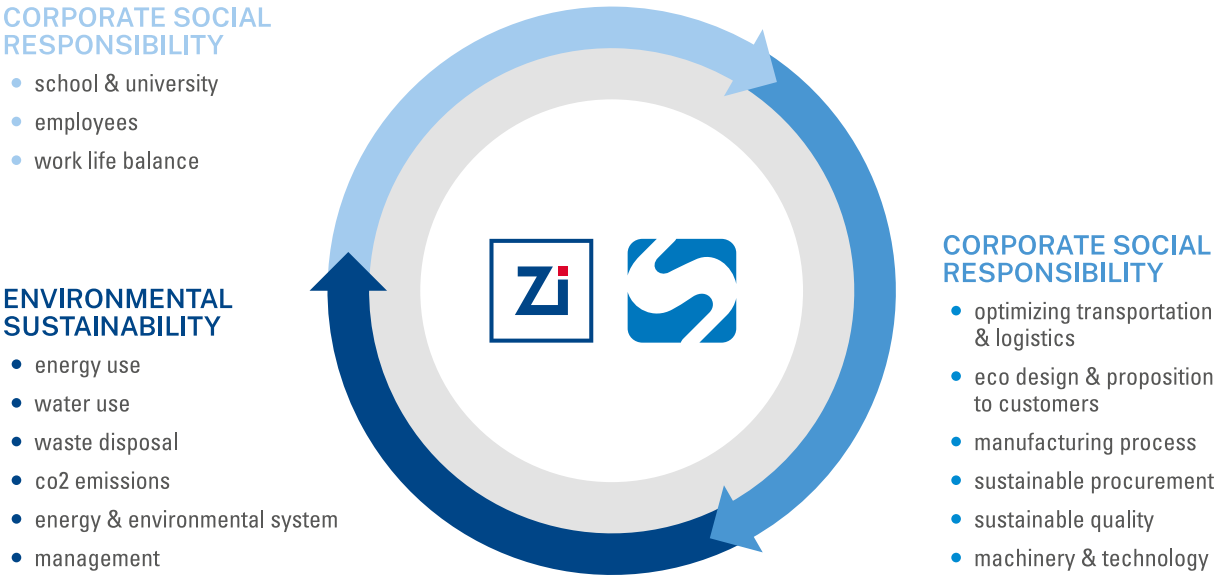
The integration of ESG factors therefore passes from the creation of a governance structure for sustainability, identifying the responsible company figures and the tasks assigned to each: the governance of the structure is entrusted to a Sustainability Council that reports directly to the Board of Directors and coordinates the World Directors on environment, processes and CSR issues. Below them is the network of Managers, Factories and Distribution Networks.



The pursuit of the objectives of economic, social and environmental sustainability with a multistakeholder approach is driven by the conviction that companies must not be limited to being efficient economic actors, but that it is instead their task to act as conscious social and cultural actors. The company takes on the principles of social responsibility by declining them in attention to the younger generations, in the rooting to the territory and in the diffusion of industrial culture and values related to commitment and work.
In 2019, the Guidelines of the Group's Sustainability and CSR project were developed.
The Guidelines state that each business function must contribute to the development of the program. All projects, which concern productivity improvements, environment and safety, R&D, processes, supply chain, quality and human resources (Corporate Social Responsibility) must also be considered in terms of the impact on sustainability with the aim of translating them not only in economic terms, but also in terms of optimizing impacts for sustainability

The pillars of the project are:

1. Corporate & Social Responsibility;
2. Process Sustainability;
3. Environmental Sustainability.



With respect to the identified pillars and the management of locally implemented projects, the dedicated organizational structure includes 5 subjects: Board of Directors, Sustainability Committee, Global Directors, Local Functional Managers and Local Project Managers.

Risk and opportunity management from an ESG perspective

Zoppas Industries Group's internal control and risk management system is composed of internal tools, rules and procedures and organizational structures that allow a management of the Group's activities consistent with the strategic and operational objectives of the Company.

With regard to the operational risks to which the group is exposed, certainly the most important is that related to the possible defectiveness of the products. In the face of this risk, which could generate significant losses, not only economic, but above all image, the company has put in place very strict internal procedures aimed at safeguarding and controlling the quality of products, periodically audited by external bodies. In addition, appropriate insurance coverage is in place to limit the economic damage potentially resulting from the risk of products.

The future performance of the single companies and the Group depends on the ability to develop the business in the areas of growth by also proposing new technologically advanced products as well as maintaining a correct management of operational risks. Since 2017 , first ZIHET Italy and then SIPA have chosen to adopt the Model of Organization, Management and Control ex Legislative Decree 231/2001. The supervision of the actual functioning and updating of this organizational model is entrusted to the Supervisory Body (SB), appointed by the Board of Directors.

The preparation of the Model was preceded by a series of preparatory activities divided into different phases and aimed at the construction of a system of risk prevention and management, in line with the provisions of Legislative Decree 231/2001 and taking into account the Confindustria Guidelines. The risk analysis in particular resulted in an analysis of the business areas potentially at risk of committing significant crimes and, subsequently, the identification of existing control devices.

From the risk analysis carried out as part of the Company's activity, for the purposes of Legislative Decree 231/2001, it has emerged that the Sensitive Processes of the Entity actually concern mainly:

- Crimes in relations with the Public Administration;
- Corporate crimes and offences in the field of receiving, laundering, use of goods or utilities of illicit origin as well as self-laundering;
- Crimes committed in breach of the rules on the safety and health of workers;
- Cybercrimes and illicit data processing;
- Environmental crimes;
- Crimes against industry and trade.

On the basis of these aspects, the Group's management and control model was therefore focused.

Organizational model ex Legislative Decree 231/2001 and ISO management systems

In order to prevent and manage the risk related to the onset of wrongdoing, the Zoppas Industries Group has therefore adopted a Model of organization, management and control in accordance with the requirements of the law (Legislative Decree 231/2001). Currently the system is valid only for locations: ZIHET Italy and Sipa but the main reference procedures have also been extended to all foreign offices.

Since 1990, the Zoppas Industries Group has implemented and certified a quality management system according to ISO 9001, respecting over the years the various deadlines of regulatory updates and subsequently expanding the certification to all foreign offices included in the perimeter of the budget.

To date, in addition to having implemented its management systems related to the environment and energy for the Zoppas Industries headquarters in Italy, the group has also adopted specific certifications related to key sectors for which it produces components such as aerospace, rail and automotive.

To date, the Zoppas Industries Group adopts the following management systems:

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

Stakeholder and Group sostenability policy

Perhaps the most significant obstacle preventing the involvement of various stakeholder groups is the different degree of importance that organizations recognize to them. One of the most notable distinctions is that between primary and secondary stakeholders. Primary stakeholders are those directly linked to an organization through financial transactions. These include shareholders, managers, employees, customers, and suppliers. Secondary stakeholders, on the other hand, include those who have an indirect impact from an organization or who have an indirect impact on an organization. These include the environment, society in general, and communities related to primary stakeholders.

While there is a need from many sides not to distinguish between primary and secondary stakeholders, or between stakeholders within each group - as everyone shares the same importance and dignity towards the organization - equating all stakeholders is not a process that can be pursued quickly, but is the only way to ensure that a company's financial objectives are not achieved at the expense of the social and environmental objectives of the company itself.

The Zoppas Industries Group has decided to undertake this process and to establish new and additional communication channels compared to the consolidated and traditional ones, to ensure that the interview with the different stakeholders becomes a habitual practice, and takes place above all in both directions, as the feedback collected by all the interlocutors is a sure guarantee of improvement at 360 °, that is, truly sustainable.

The Goals of the 2030 agenda and the commitment of Zoppas Industries to their achievement

In September 2015, more than 150 international leaders defined the 2030 Agenda for Sustainable Development at the United Nations, with the aim of contributing to global development, promoting human well-being and protecting the environment. The Agenda is based on 17 sustainable development goals (SDGs) to be achieved by 2030. The Zoppas Industries Group has therefore chosen to bring its activities back to the UN agenda with the aim of highlighting its contribution to the achievement of the SDGs.

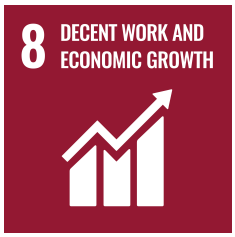
The commitment of the Zoppas Industries Group to date

ENVIRONMENT

OUR GOALS	ZIHET	SIPA
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	- Launch of important projects in order to optimize production processes with a view to reducing the quantities of raw materials used and the energy consumption by process.	
7 AFFORDABLE AND CLEAN ENERGY	- Energy efficiency interventions in the various phases of the production process globally; - Generation of energy from renewable sources; - Green Way project to improve the energy consumption of offices and plants and reduce their environmental impacts.	
6 CLEAN WATER AND SANITATION	- Introduction of process water recovery and treatment systems.	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	- Concentrations less than 0.1% on SVHC substances; - Introduction of the figure of Packaging Specialist in order to optimize the amount of material used for packaging.	- Development of machinery that enable the reintroduction of recycled PET within the production cycle.
13 CLIMATE ACTION	- Green Way project; - CDP questionnaire; - LCA study for two products; - Transport optimization.	- LCA study for Xtreme Renew technology; - Use of green oriented partners

OUR GOALS

SOCIAL



- Recruitment policies that respect employees' rights;
- Introduction of corporate welfare programs;
- Work life balance

- Investments in health and safety at work: technologies to reduce emissions, completion of the extension of safety systems in machinery;
- Realization of intercompany kindergarten in Italy and implementation of projects to support kindergartens in foreign branches;
- MBO policies related to ESG projects.

- Protection of diversity and equal opportunities and non-discrimination as in the Code of Ethics;
- Increase in female staff in the company.

- Donations to the poorest families in Mexico, Romania and Serbia.

- Information campaigns against early school leaving, particularly in Romania;
- PC donations in schools to support students in areas relevant to establishments.

GOVERNANCE

- Management model ex Legislative Decree 231/2001;
- Sustainability Council institution.

List of Group Stakeholders and modes of interaction

Since listening and constant dialogue with all stakeholders are considered strategic, the group has developed and is still developing communication and consultation tools with the aim of making it a consolidated practice in business processes.

STAKEHOLDERS	ENGAGEMENT	GROWTH OPPORTUNITY	INSTRUMENTS OF DIALOG
EMPLOYEES AND COLLABORATORS	Corporate commitment to employment protection and development of initiatives to support security, training and corporate welfare.	Motivation and retention of staff; increase in technical-management know-how in order to ensure skills growth; risk reduction through high workplace safety performance	Biennial business climate survey, preparation of totems and boards, corporate intranet, dedicated section of the site.
CUSTOMERS	Product quality; Product sustainability; Service.	Improving communication with customers in order to implement the satisfaction of the latter.	Constant relationships with sales force Customer satisfaction questionnaires Website Feedback
SUPPLIERS	Supply chain control; Very unequal environmental and social sensitivity between suppliers; Costs of monitoring and control of materials in order to ensure high quality standards.	Targeted involvement of the most sensitive suppliers and sharing of initiatives concerning environmental protection. Potential for CSR growth through collaboration on partnership projects.	Initiative aimed at the main suppliers concerning the CSR, dedicated section of the site, trade fairs.
TERRITORY AND COLLECTIVITY	Dialogue with communities and local authorities.	Support and development of the territory.	Meeting moments with local communities.
TRADE ASSOCIATIONS	Continuous relationships between stakeholders.	More dialogue between stakeholders.	Meetings in dedicated locations.

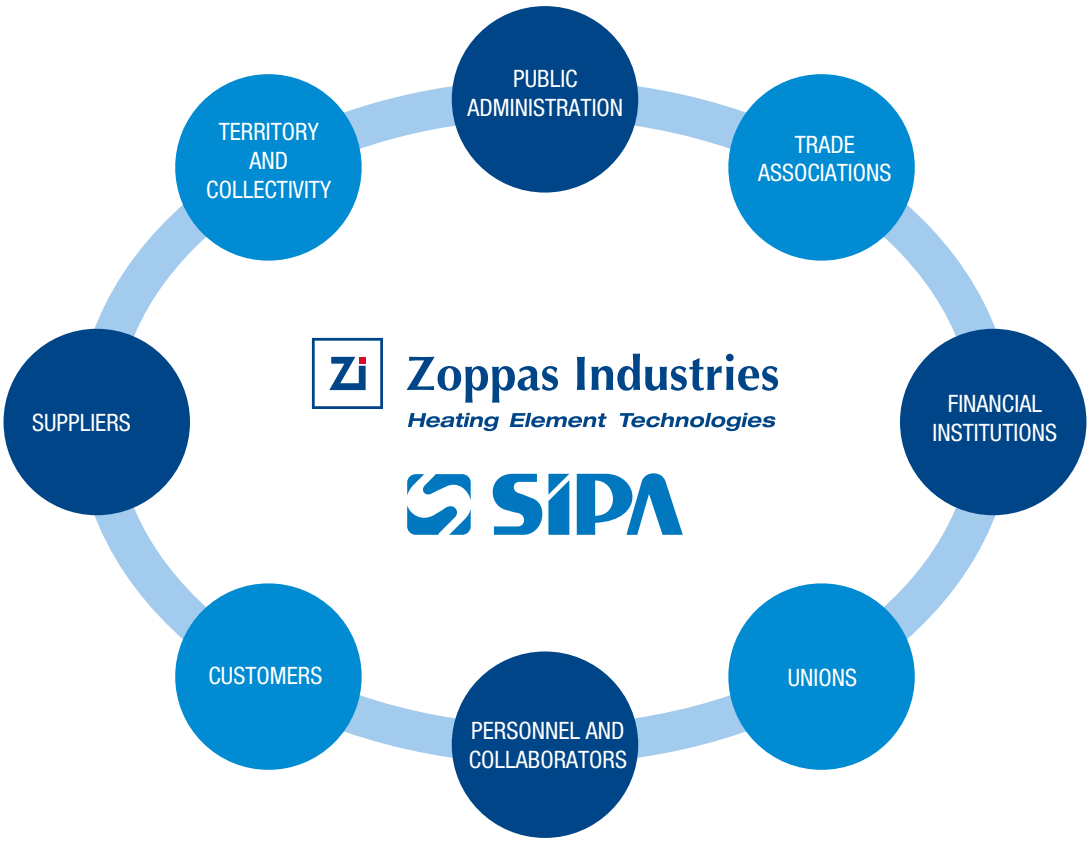
Dialogue with stakeholders and the materiality matrix

The Zoppas Industries Group knows that every evolution and growth passes through confrontation with the actors who populate the context in which it operates. The analysis of materiality, and the matrix that is its graphic representation, in fact offer a guide for:

- Define the "material" themes, i.e. those that reflect the relevant economic, environmental and social impacts of the company or that can substantially influence the assessments and decisions of stakeholders;
- Identify strategic sustainability priorities and investment lines to be implemented in the social, environmental and governance fields

The dynamism of the process of identifying the material themes of definition and therefore of future strategies is guaranteed by the dialogue with internal and external stakeholders who take shape with interests, requests and information needs.

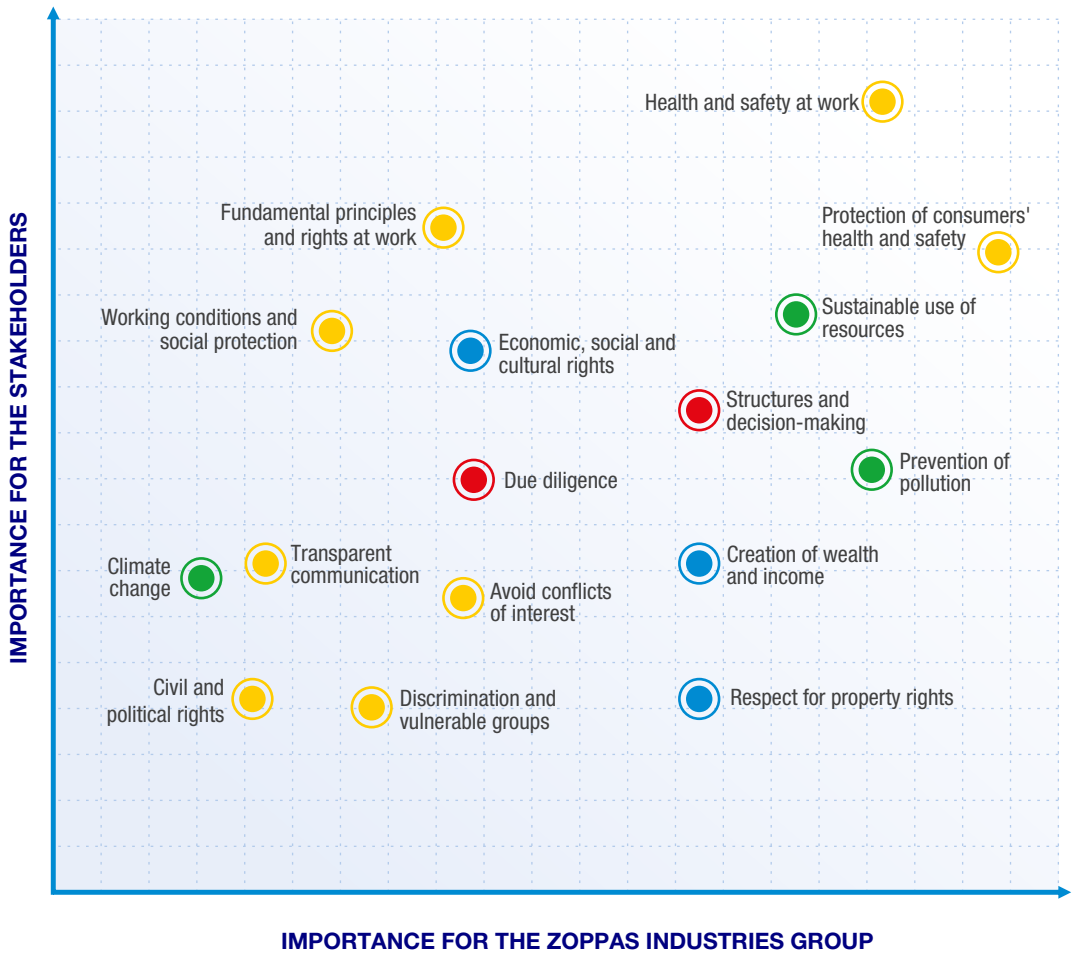
The drafting of the Group's first Sustainability Report was an opportunity to identify the most relevant stakeholders within the various macro-categories and involve them in the process of evaluating the materiality of the 35 potentially relevant issues proposed by the ISO 26000 Social Responsibility Guide and linked to GRI standards.



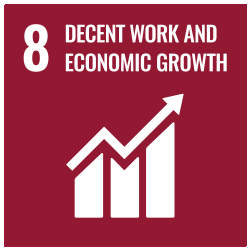
The prioritization of the themes from the point of view of the company and the stakeholders was carried out through the distribution of dedicated surveys. Once the results of the significance assessments were analyzed and aggregated, the 16 themes that were material results were:

1. sorted on the basis of the scores obtained taking into account materiality assessments both from the point of view of the Organization (General Manager, Global Directors, BU Directors, Transversal R&D Functions, Quality, Engineering, etc.) and from the point of view of the Stakeholders previously identified;
2. classified into 4 distinct categories: Environmental aspects, economic aspects, social aspects and governance aspects;
3. organized within a materiality matrix according to the dual dimension of relevance: on the x-axis the relevance of the economic, social and environmental impacts from the Group's point of view, on the axis of y the influence on the assessments and decisions of stakeholders.

Below is the materiality matrix defined by the perceptions of relevance collected with the surveys:



Economic Responsibility



Distributed economic value: the group's investments and projects

In 2019, the Zoppas Industries Group made significant investments for internal product development and innovation activities. The main costs are related to the expansion of production sites in Mexico and Serbia, as well as the industrialization of new products. In China, where the subsidiary ZIH is the most important industrial site for production destined for the Far East, investments have been made to increase production capacity in the face of growing market demand.

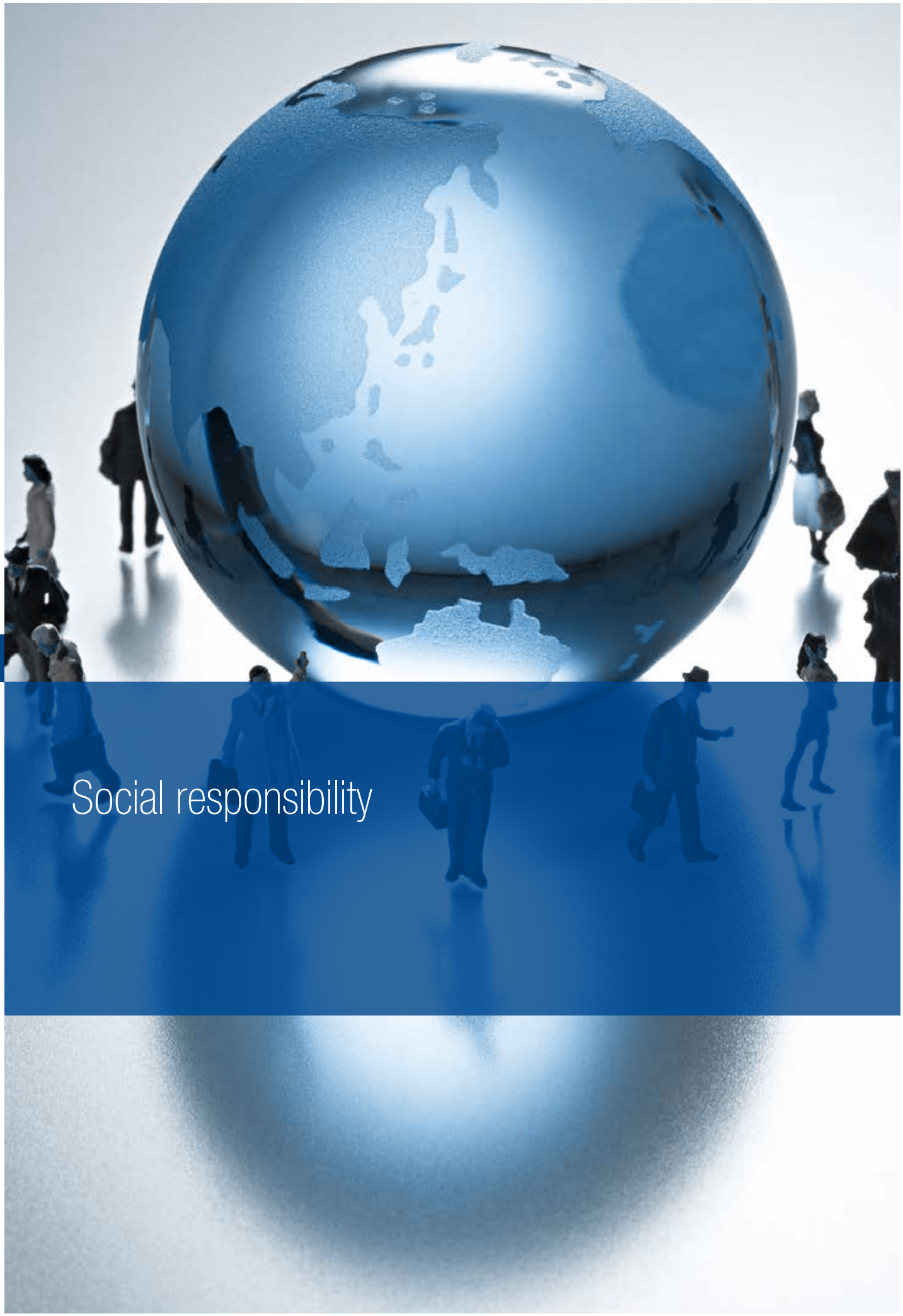
Since 2017 and in the following two years, in all the main plants, the Heating Elements Sector has encouraged a program of review and innovation of production processes in terms of Industry 4.0 with repercussions not only on investments in capital goods but also on the working methods and organization of departments to support the business. In particular, the aim was to improve the automation and interconnection of factory and logistics processes, and the flow of activities in order to reduce lead times and save costs at all stages expected.

At the same time, the company has continued its research and experimentation activities for the development of innovative products, with greater added value, both through the technical and R&D offices and through collaborations with universities and external bodies.

As for SIPA, it has made important investments in product development and interconnection projects with a view to Industry 4.0 both of its production departments and of the plants that make up the range of products offered.

Similarly, the development of innovative technologies and processes aimed at products (systems, bottling lines and molds), as well as packaging materials, cost reduction and energy saving, continues. Also important is the installation and positive rapid start-up in Japan of the world's first plant that allows the production of preforms in line using 100% PET recycled flakes.

On the technological side, SIPA continues to invest significant resources for the innovation of its solutions with the aim of favoring the use of recycled material, reducing consumption and logistics, increasing the flexibility and ease of use of production systems.



Social responsibility

Personnel

For the Zoppas Industries Group, the Code of Ethics defines ethical commitments and responsibilities in the conduct of business and business activities of the workers, be they employees or managers. T

he Zoppas Industries group gives particular importance to respect for the principles of legality, loyalty and fairness in the conduct of business, both by its employees and by all the subjects who collaborate with it in various ways.

In particular, any violations of the rules deriving from International Conventions on the Protection of Workers are closely monitored.

In its working relationship with its employees, the Group prepares and strives to maintain all the necessary conditions so that everyone's professional skills and competences can constantly be enriched and evolved for the better. The group selects and distributes assignments to Employees based on their qualifications and skills, without discrimination between them.

This policy applies to any measure concerning employees, including recruitment, grading, promotions, termination of employment, management of bonuses, training, educational, social and recreational programs.

% Employees by contract type and region year 2019 Zoppas Industries Group						
CONTRACT TYPE	ZIHET Italy	ZIHET Cina	ZIHET Messico	ZIHET Romania	ZIHET Serbia	SIPA Italia
Permanent	99,6%	72,1%	100%	99,9%	100%	96,5%
Fixed-term	0,4%	27,9%	0%	0,04%	0%	3,5%

% Employees by contract type and gender year 2019		
CONTRACT TYPE	MEN	WOMEN
Permanent	95%	96%
Fixed-term	5%	4%

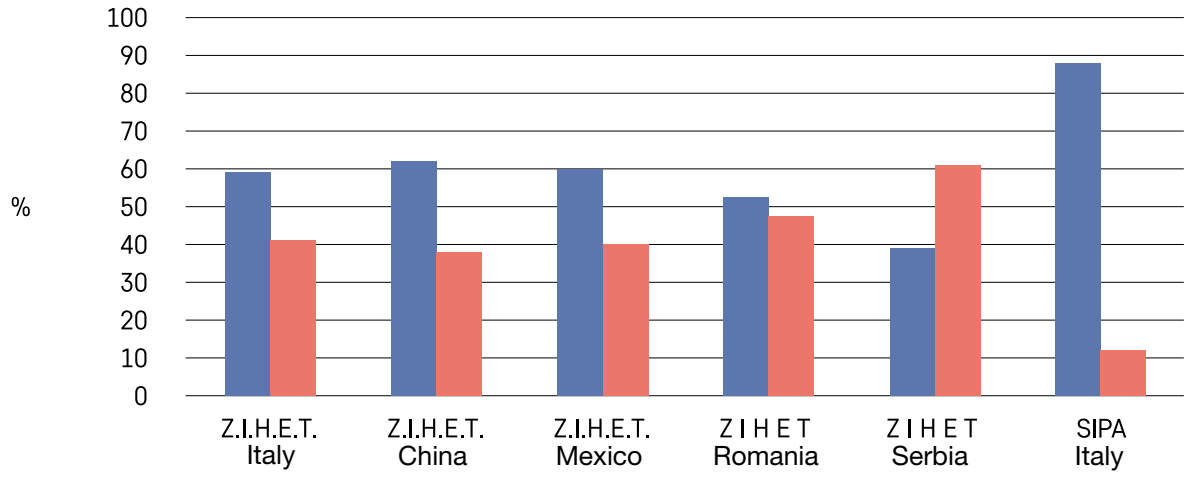
% Employees by occupational category, gender and age group year 2019						
GROUP CATEGORIES	MEN			WOMEN		
	<30	30-50	>50	<30	30-50	>50
Senior Executives	0%	0%	2%	0%	4%	0%
Middle Managers	0,3%	0%	5%	2%	8%	2%
Clerical	17%	11%	30%	18%	32%	15%
Workers	82%	89%	63%	80%	56%	83%

With regard to the personnel data, it can be seen that the group's largest investments in recent years are in the South American area: in Mexico, 96% of the Group's staff are also employed under an indefinite contract.

The diversity theme is a very important topic and one of the objectives that the company wants to maintain in the coming years: to date, women's staff represent 42% of the personnel; As far as new recruitment is concerned, as can be seen from the data, the latter are mostly staff under 30 years of age. This figure highlights how the company is investing heavily and significantly in young people and their integration into the company. Compared to 2018, the group also increased its staff by 0.4%.

As far as remuneration is concerned, the group has chosen to adopt an MBO policy: management by objectives (MBO) is a method of evaluating staff based on the results achieved against set objectives. Objective management is a useful tool for the decentralization of responsibilities and authorities with the aim of obtaining maximum participation of human resources in the achievement of business results. It is a complex process that starts from the definition of the company's strategic objectives and then translates them into operational objectives of the sector, to decline them into action plans and finally into individual objectives.

% Employees by gender and geographical region year 2019



	Z.I.H.E.T. Italy	Z.I.H.E.T. China	Z.I.H.E.T. Mexico	Z I H E T Romania	Z I H E T Serbia	SIPA Italy
% MEN	59	62	60	52	39	88
% WOMEN	41	38	40	48	61	12

Work organisation and the quality of the working environment

In accordance with the ethical principles that inform its activity, the Zoppas Industries Group protects the moral integrity of its Employees, guaranteeing the same working conditions to all respectful of the dignity of the person. For this reason, the Zoppas Industries Group:

does not tolerate violent, threatening, psychological bullying or otherwise harmful behaviour in the workplace

does not tolerate sexual harassment behaviour of any degree, nature and severity in the workplace

does not allow that in the workplace there is an abusive behavior of others' dignity motivated by reasons of race, ethnicity, sexual preferences, age, religious faith, social class, political opinions, state of health

In order to ensure equal opportunities for employees of both sexes, the Group also promotes work-life balance initiatives, to facilitate living and working conditions, for example by meeting the need for part-time work. Below are the statistics on the part-time and full-time contractual typologies of the company:

Employees by type of employment (part-time and full-time) and gender 2019

EMPLOYMENT TYPE	MEN	WOMEN
Full-time	99%	97%
Part-time	1%	3%

The safety and health of workers

The Group's companies pay the highest level of attention to health and safety issues in the workplace and to prevention.

In this regard, the Group, well aware of the legal obligations (Legislative Decree 81/2008 and s.m.i.), adopts any necessary - or even just considered appropriate - measures in order to:

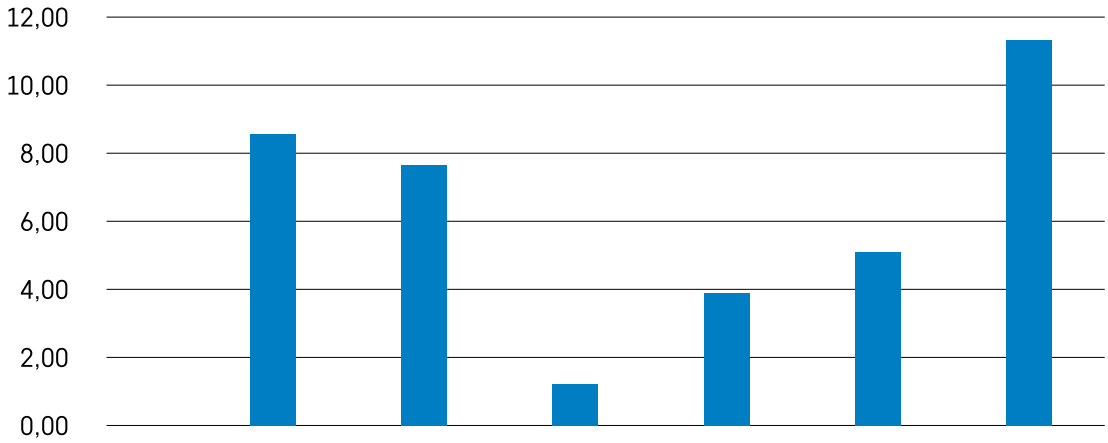
- analyze all the risks present;
- implement all the prevention and protection measures necessary to minimise risks.

Although there are not always similar local obligations in foreign plants, the policy of the Zoppas Industries Group remains to follow the fundamental principles of Legislative Decree 81/2008 and to apply them also to foreign offices.

All Group companies are committed to monitoring health and safety conditions in the workplace, invest energy, resources and time in the continuous training of their employees and systematically monitor accidents, through a structured and formalized KPI system.

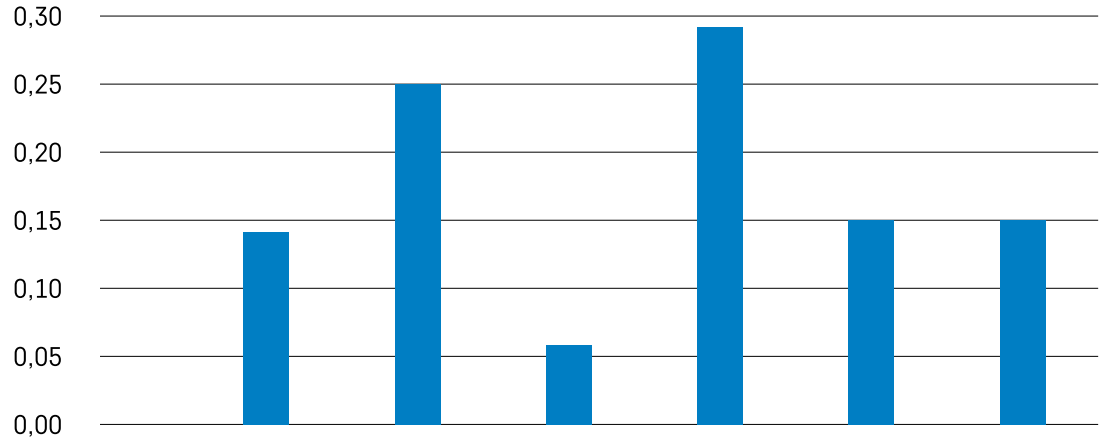
The following are data on accidents in the form of frequency index (number of accidents/total hours worked X 106) and severity index (days lost due to accident/total hours worked X 1000).

Accident frequency index by plant year 2019



$F.I.=\frac{N \text{ of accidents}}{Tot. \text{ w/hours}} \times 10^6$	SIPA	Z.I.H.E.T. SERBIA	Z.I.H.E.T. ROMANIA	Z.I.H.E.T. MEXICO	Z.I.H.E.T. CHINA	Z.I.H.E.T. ITALY
Frequency Index	8,37	7,78	1,25	3,92	5,29	11,38

Accident severity index by plant year 2019



$S.I. = \frac{\text{days lost per accident}}{\text{Tot. w/hours}} \times 10^3$	SIPA	Z.I.H.E.T. SERBIA	Z.I.H.E.T. ROMANIA	Z.I.H.E.T. MEXICO	Z.I.H.E.T. CHINA	Z.I.H.E.T. ITALY
Severity Index	0,14	0,25	0,06	0,29	0,15	0,15

Accident data show that the greatest number of accidents are found in Italy, even if these are lower in severity than in other foreign plants. In Romania, the group has the lowest frequency and severity of accidents. Compared to the previous year, the Zoppas Industries group decreased its injuries from 127 to 104. This result was also achieved thanks to the implementation of the hours of training on health and safety at work, which in 2019 alone were 62,284.

There have also been many investments in order to implement the safety of machinery and plants, and considerable attention has also been paid to acid fume abatement systems.

Staff Training

The development of employees professionalism and the enhancement of talents are considered essential components in the management of human resources by the Zoppas Industries group.

The annual training plans, in each country in which the Group operates, are formulated in such a way as to ensure the technical, specialist and safety skills of all the employees of the company; the training plan for each country is structured on the basis of the specific requests of the function directors who direct the training interventions to the technical or behavioral development needs of their people, favoring their personal development and increasing their professional contribution to the achievement of company objectives.

Training interventions aimed at the development of soft skills and specific management skills are planned annually both at team level and for Management.

The on boarding of personnel is managed through personalized induction plans, agreed with the direct Manager who performs the function of tutor and monitored in their effectiveness by the Personnel Management, through periodic meetings until the test period is exceeded. Each induction plan includes a general part that includes mandatory training related to safety, L.231, environmental policies (greenway) and a specific part of on-the-job support both in the function of belonging and in addition to the other company functions concerned.

Hours of training by occupational category year 2019

OCCUPATIONAL CATEGORY	UoM	TOTAL	MEN	WOMEN
Senior Executives	h	1057	921	136
Middle Managers	h	4325	3183	1142
Clerical	h	47403	36012	11391
Workers	h	130185	78795	51390
Total	h	182969	118911	64059

Number of employees involved in training year 2019

OCCUPATIONAL CATEGORY	UoM	TOTAL	MEN	WOMEN
Senior Executives	n.	58	53	5
Middle Managers	n.	210	169	41
Clerical	n.	1966	1404	562
Workers	n.	18008	5072	12936
Total	n.	20242	6698	13544

As regards the training of new recruits, the group has a specific procedure for integration. The procedure provides for technical support, visits to various production areas, specific training hours on the quality management system and training hours on the lean theme.

Corporate welfare

The Zoppas Industries group strongly believes in the value and importance of people and has always invested in them to create a united and motivated team. This investment translates into a constant commitment to the development of professional skills and a particular attention to well-being and the personal sphere, in the conviction that a positive working environment contributes to determining the very success of a company.

Starting from 2017, a corporate welfare plan was established in Italy and then extended to foreign establishments. The plan has been regulated directly by the Group and makes available to the recipients an annual amount to be used on a welfare platform dedicated to employees. The Zoppas Industries Group Corporate Welfare Plan is provided through the AON platform and offers services and benefits always dedicated to the family, prevention, leisure, culture and benefits of various kinds that fall within the scope of the tax legislation in force. The portal collects the sums allocated to welfare by the National Collective Agreement of Metalworking Companies.

The Group, with regard to Z.I.H.E.T. Italia and SIPA, is an active part of the Intercompany Consortium of the Prealpi Trevigiane, which includes some of the companies in the Industrial Zone for the management of an integrated childcare center (nursery and kindergarten) at the service of the employees of the same member companies. The Zoppas Industries Group, in addition to having participated economically with the other consortia in the construction of the center and maintaining the management of the same, has decided to support its employees, with children attending the children's center, with an additional contribution corresponding to 20% of the fee.

Within the Group there are also numerous activities in particular in Romania and Mexico for health prevention and screening promoted and provided free of charge to its employees (flu vaccine, periodic screenings, etc.). With the aim of consolidating and maintaining a climate of cooperation and developing the sense of belonging in all foreign offices, team building activities are carried out both at the professional level (outdoor training), and social activities related to recreational /sporting events (fishing competitions, soccer tournaments, tennis, sponsorships...).With the aim of attracting the best talents, the Group collaborates with numerous institutes and universities in the countries in which it is present, participating in targeted events sponsored by career services, meeting interested students, presenting the company and providing professional orientation information, so as to be able to activate internship and doctoral paths every year within the various company functions

Customers

Customer focus is a key element on which the Zoppas Industries Group business is based, which is committed to offering innovative and competitive solutions, impeccable service and provide added-value to customers with the aim of establishing lasting relationships and maximum satisfaction through innovation and flexibility. The strategy chosen by the Group has always been to aim at the continuous improvement of the quality and reliability of current systems and the development of new products and unique technologies. This path requires continuous investments especially in human capital and in technical and scientific advice and/or collaborations.

Currently the company also monitors the satisfaction of its customers through the distribution of questionnaires. The questionnaires include a list of questions prepared by Marketing in collaboration with the various corporate bodies in relation to the following areas:

- Product area;
- Sales area;
- Technical area (design and quality);
- Logistics area;
- After-sales area.

The questionnaire is available in an online version, which the customer can access through their personal identification code and password. Alternatively, it is sent by Marketing/Sales to the Customer. In case of negative evaluations expressed by the Customer, a specific procedure is activated. The procedure requires the marketing department to look for the reasons for this evaluation by contacting the customer if necessary; on the basis of this information, the Marketing Office thus defines appropriate corrective actions.

Measures to protect the customer

The Zoppas Industries Group provides all its customers with an excellent technical support.

The range of heating elements and systems meets EN 60335-1 and meets both the essential requirements of the Low Voltage Directive and the binding legislation on the safety of electrical equipment.

Some products operating in explosive environments meet the requirements of the ATEX Directive and the IECEx certification scheme; these products are covered respectively by EC type examination certificates and IECEx (CoC) certificates of conformity. If they fall within the relevant fields of application, some products also comply with the Machinery and PED directives.

All production of the Zoppas Heating Elements Technologies Group is 100% tested and, at the customer's request, additional safety checks and tests are carried out, with the relative issue of test certificates and declarations of conformity by the Outgoing Quality service.

To facilitate the partnership, the products are developed in co-design with the customer and, during the sampling phase, life tests are carried out on them not only of the component, but also of the final equipment/component assembly.

The Zoppas Industries Group is committed to maintaining its position as an environmentally friendly company in accordance with several international regulations aimed at protecting the environment and the customers/users of its products. Compliance is maintained through various methods and guidelines described in the company functional specifications below.

"REACH" REGULATION (EC) 1907/2006

The Zoppas Industries Group has developed a functional specification that defines how REACH Regulation is transposed and operating. Products supplied by Zoppas Industries Heating Element Technologies do not contain substances intended to be released under normal conditions of use or under reasonably foreseeable conditions of use. In particular Zoppas Industries Heating Element Technologies has decided that its supply products do not contain SVHC in quantities exceeding 0.1% in weight/weight concentration. In case this is not technologically possible, the company undertakes to inform the customer. The Zoppas Industries Group is also in constant contact with its suppliers to comply with REACH regulations through the management and verification of its supply chain.

DIRECTIVE 2011/65 / EU "RoHS"

The Zoppas Industries Group has also developed a functional specification that defines how the RoHS Directive is transposed and operating. Products falling into the categories indicated in Directive 2011/65/ EU comply with the provisions of the RoHS Directive.

CUSTOMER'S RESTRICTION MATERIAL LIST

The Zoppas Industries Group has also developed a functional specification that defines how requests related to customer Restriction Material Lists (RML) and/or similar are transposed and assigned, defining tasks and responsibilities in order to meet the specific customer requirements relating to dangerous substances used in manufactured products.

As far as Sipa Customer Service is concerned, the latter uses 160 qualified and connected technicians in order to form a structured network, created to guarantee fast and punctual resolution interventions. Reducing the incidence of service costs starts with the ability to solve problems by limiting the on-site dispatch of specialized technicians. Sipa's phone support line is available to customers 24/7.

ECHO
DIGITAL ECOSYSTEM

EASY, CONNECTED, HUMAN, OPEN

ECHO PLATFORM

For SIPA customers, the ECHO platform is also available. ECHO is a technological platform that enables sharing economy concepts and that gives the customer the opportunity to access a large amount of targeted information in real time: functions, applications and solutions that interact with data, connecting the entire ecosystem to actively create value.

ECHO goes beyond the concept of the technical portal because it allows an interchange between SIPA, the Customer and other Customers. The internal areas of the ecosystem are customized according to the profile of the users, shaped on the fields of interest, on the type of SIPA technology installed, on the type of product processed.

Suppliers

The Zoppas Industries Group promotes the culture of sustainability along its supply chain, committing itself to: :

- hiring suppliers who share philosophies in line with group policy and the principles of ethical, social and environmental responsibility promoted by the company;
- ensure a responsible selection and qualification process of the supply chain, constantly monitoring the requirements of its suppliers;
- prefer local suppliers in order to support the growth of the local community.

The Group prefers an approach of close partnership with its suppliers, with the intention of creating reliable relationships, both from the point of view of quality and consistency of supplies, and respect for the principles of correct competition and activities to which they are inspired. In the relationship with suppliers, there is a formalized policy that indicates the principles of sustainability, while with regard to the selection and qualification of suppliers, each company belonging to the Group applies the company's reference procedure.

With regard to the Zoppas Heating Elements part, the latter has also formalized its supply policy relating to metals derived from minerals from the Democratic Republic of the Congo and/or neighbouring countries (Conflict Regions) whose profits finance local inter-ethnic conflicts ("Conflict Minerals"), as required by american Law H.R. 4173 July 2010.

With the aim of ensuring that only "Conflict Free" materials and components are used in products purchased from suppliers and subsequently sold to Customers, the group undertakes to:

a) do not use conflict minerals: - Columbite/Tantalite (minerals from which tantalum is extracted) - Cassiterite (mineral from which tin is extracted);

b) wolframite (mineral from which tungsten is extracted);

c) gold from "Conflict Region" mines that are not certified as "Conflict Free";

d) implement the necessary actions through its supply chain in order to identify the origin of the aforementioned "conflict minerals";

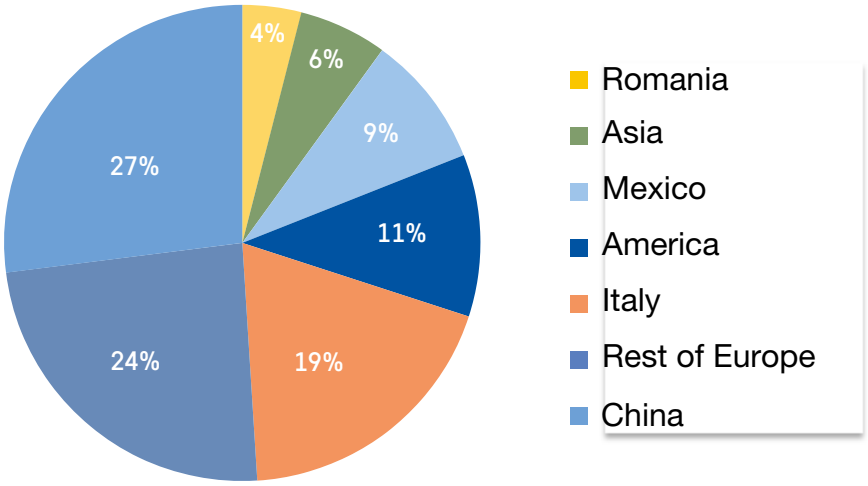
e) require its suppliers to demonstrate, through an independent third-party body, that their supply chain ensures the provenance of conflict minerals only from:

   a. mines and foundries outside the Conflict Region;

   b. mines and foundries that have been certified by an independent third party as "Conflict Free", if located within the "Conflict Region";

f) ensure the dissemination of this information through publication on the website (www.zoppasindustries.com)

GEOGRAPHIC REGION OF ZIHET SUPPLIES YEAR 2019

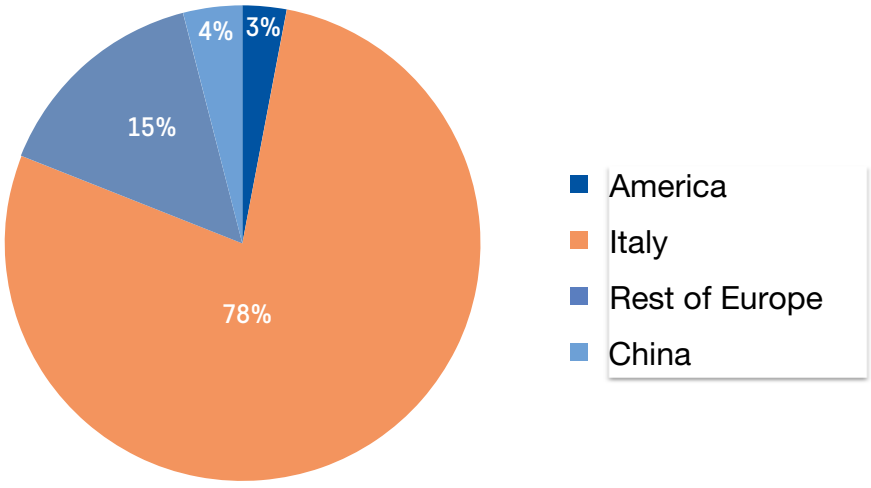


As can be deduced from the charts, the tendency of the group is to use as much as possible local suppliers for both Italian and foreign plants .

As regards SIPA, the main suppliers are metalworking companies, manufacturers of commercial components and /or complete machines, companies that provide specialist services in the *food & beverage* sector.

At the geographical location level, the following pie shows for the distribution for the year 2019:

GEOGRAPHIC REGION OF SIPA SUPPLIES YEAR 2019



The reference communities

The Zoppas Industries Group is part of numerous industry associations worldwide. Always committed to innovation, the company has collaborated over the years with university and research institutes creating important synergies.

Social investments have mostly been concentrated in Mexico, Romania Serbia. In Mexico, the group contributed with donations to the local population on the following measures and occasions:

- following the magnitude 7.1 earthquake that occurred on September 19, 2017 for donations to civil associations;
- in 2018 donations to civil associations and contributions for the construction of a city playground in Rioverde.

In Romania, a large number of investments have been made in:

- the purchase of medical aids;
- summer camps for children;
- community information and involvement activities on the prevention of early school leaving;
- training courses for children;
- children's theatre activities

TBetween 2017 and 2018 the company invested in Serbia with contributions for the purchase of PCs for schools and for medical visits.

In 2019, the group also donated and allocated funds for aid to the poorest families. In China the company invested in 2019 in team building activities and employee engagement activities.

In Italy the group mainly contributed funds for the intercompany children's center.

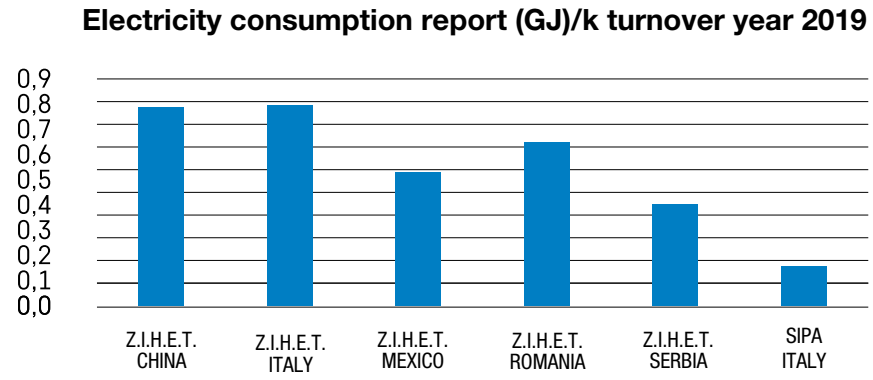
Among the group's investments in the social field we also remember the 2019 funding to the Gallery of Modern Art at the Ancient Hermitage Camaldolese of San Pietro di Feletto.

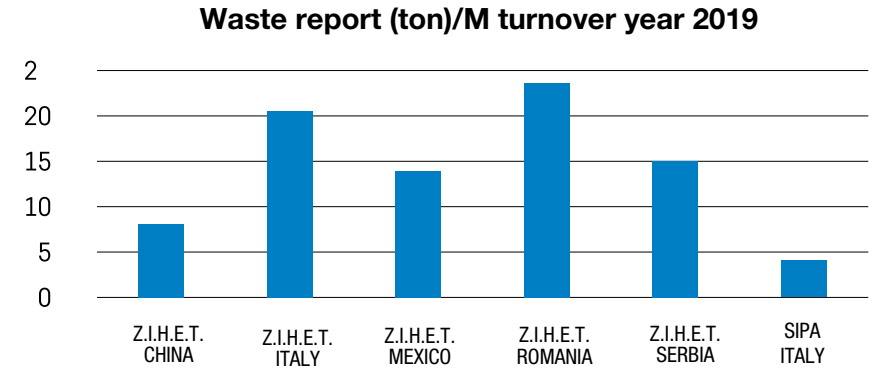
The intervention was financed by the Zoppas Industries group.

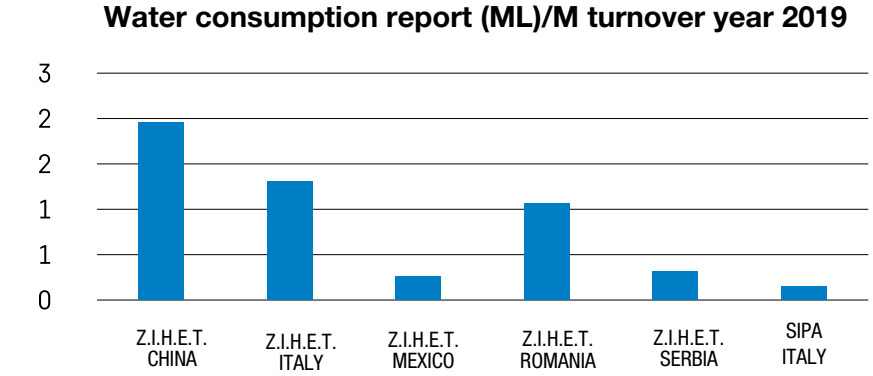
The project consisted of the adaptation of the lighting system of the rooms used as a gallery of art exhibitions and as a venue for cultural meetings. The new lighting solutions, with low visual impact, have guaranteed the full protection of the historic building.

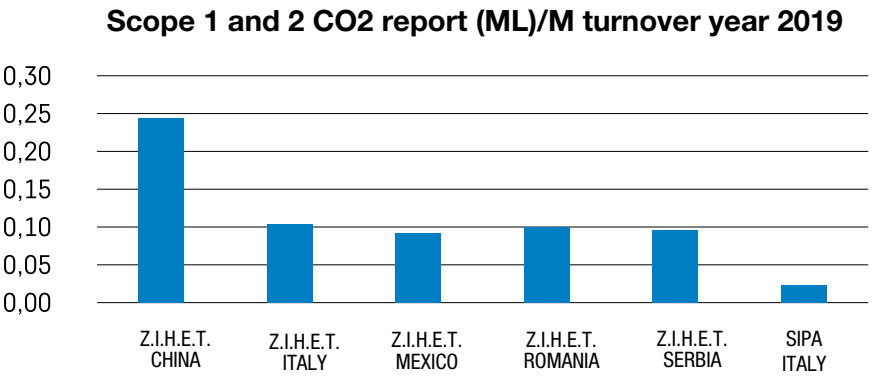
Environmental responsibility

Environmental performance indicators





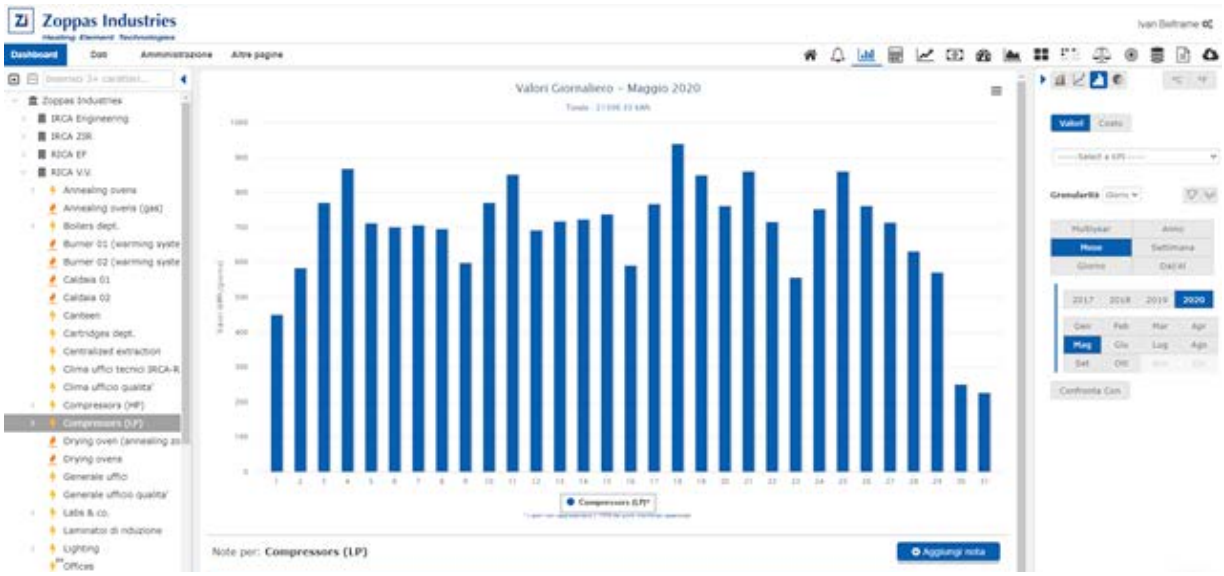




Energy consumption and saving

Energy consumption is a significant component for the activities carried out by the group both for the heating element part and for the packaging production systems. Over the years, all the Group's plants have made significant efforts to introduce technologically advanced industrial plants and to optimize and improve the management of existing plants, in order to reduce their energy consumption.

ZIHET Italy has also introduced an energy management system (ISO 50001: 2018). The implementation of the energy management system aims to pursue with a systematic approach the continuous improvement of its energy performance, in particular efficiency, use and energy consumption. To achieve these objectives ZI Italia has equipped itself with a system for monitoring electricity consumption. This platform will be implemented in all Zoppas Group plants world wide.

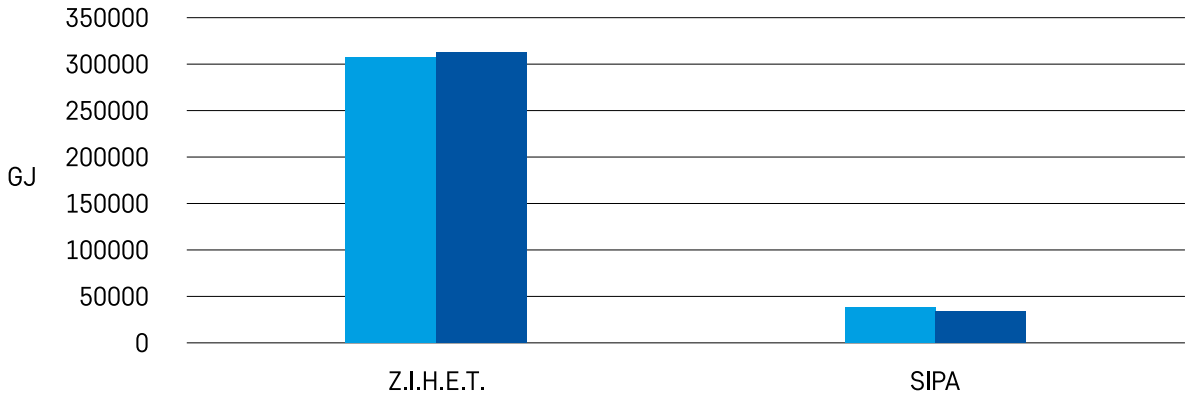


The ISO 50001 certification has been included in the Green Way project, a path started in 2016 that has as its objectives:

- Reduction of the environmental impacts of the production process;
- Analysis of energy sources, elimination of waste and reduction of energy consumption;
- Development and application of new technologies aimed at energy saving;
- Involvement and awareness-raising of internal and external staff

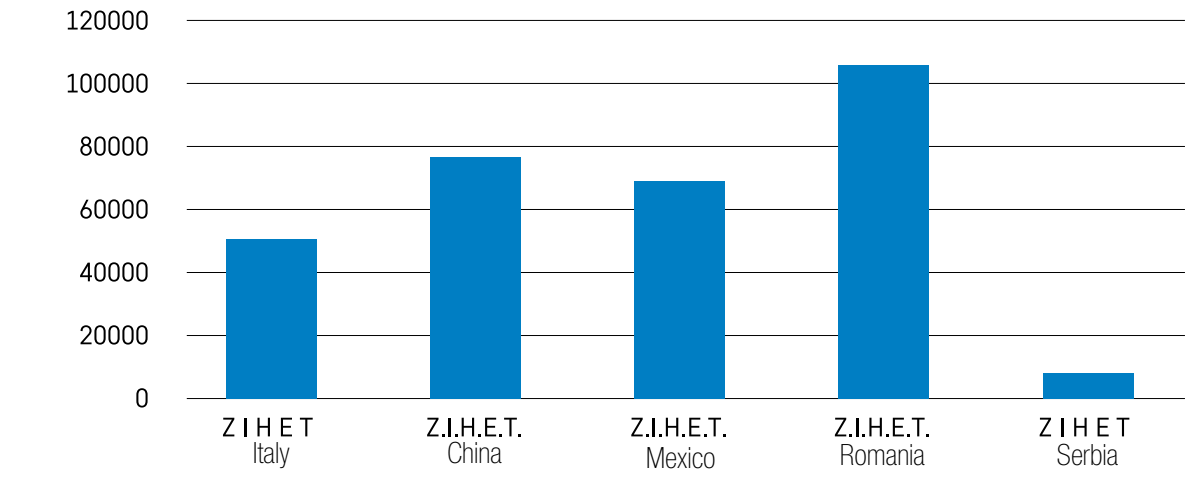
The reduction of electricity and methane consumption is therefore one of the factors of greatest attention and one of the main objectives set by the Management.
The statistics for ZIHET AND SIPA are as follows:

Electricity consumption Zoppas Group years 2018 and 2019



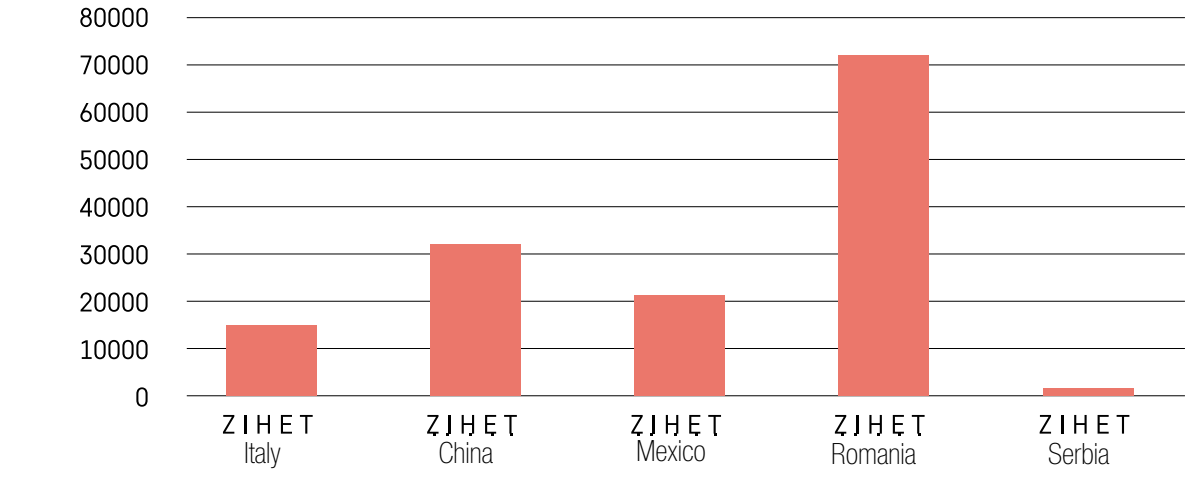
	Z.I.H.E.T.	SIPA
2018	302.148	37.691
2019	307.688	35.691

ZIHET electricity consumption by location year 2019



	Z I H E T Italy	Z.I.H.E.T. China	Z.I.H.E.T. Mexico	Z.I.H.E.T. Romania	Z I H E T Serbia
GJ	50.031	76.696	66.985	105.023	0.953

ZIHET natural gas consumption by location year 2019



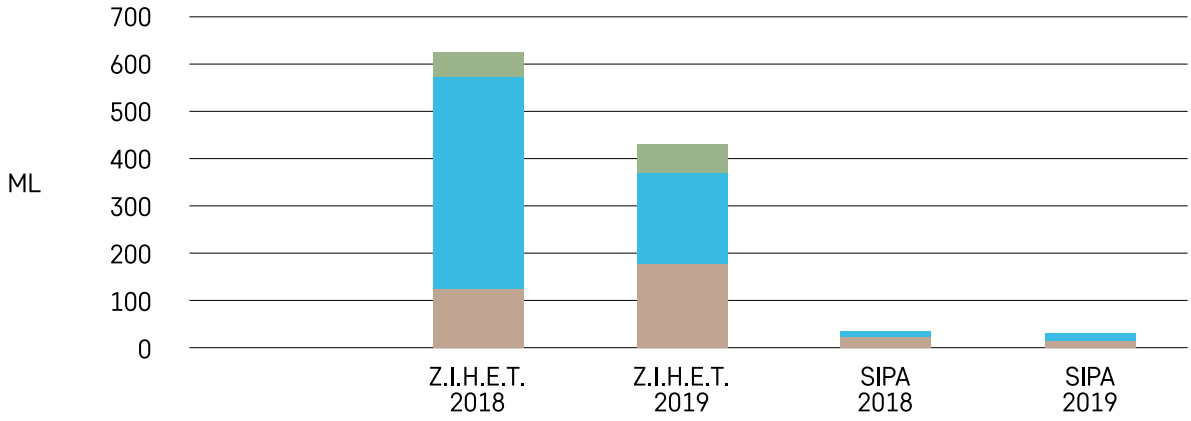
	Z I H E T Italy	Z.I.H.E.T. China	Z.I.H.E.T. Mexico	Z.I.H.E.T. Romania	Z I H E T Serbia
GJ	14.879	32.450	21.922	72.415	1.152

Water withdrawals and discharges

Zoppas Industries Group's water supplies come mainly from municipal aqueducts for drinking use, while water for technological uses such as machinery cooling, toilets and fire fighting system comes from well. In some plants, technologies have also been introduced for the recovery of water used in production processes.

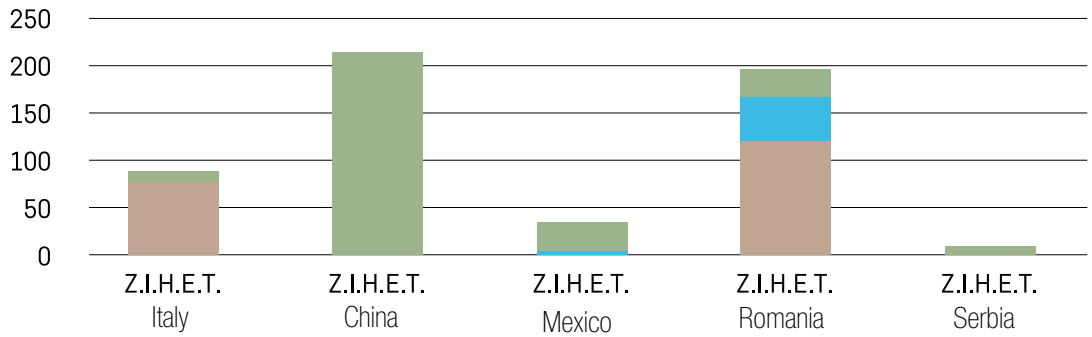
The statistics on water supplies are as follows. As can be seen from the graphs, compared to 2018 the resistance side reduced its water withdrawals by 25% compared to SIPA which remained on average constant with a slight increase of 4.3 % compared to the previous year.

Water withdrawals Zoppas Group years 2018 and 2019



	Z.I.H.E.T. 2018	Z.I.H.E.T. 2019	SIPA 2018	SIPA 2019
Recycled water	46	45	-	-
Acqueduct withdrawals	442	207	8	12
Well withdrawals	133	181	21	18

ZIHET water withdrawals by location year and 2019



The Group's water discharges are managed in accordance with local legislation. Waste water consists mainly of cooling water from industrial processes. Compared to 2018, the group has reduced its water discharges by 22%, the plants that consume water to a greater extent are those located in China and Italy.

Emissions in the atmosphere

The Group's emissions into the atmosphere mainly concern volatile dust and organic compounds. At the plants, measurements of the flow rates and concentrations of substances at chimneys are carried out within the limits of regulatory compliance and in accordance with the provisions of the individual environmental authorizations.

Below are the data relating to the offices of ZIHET Italia, SIPA, Z.I.H.E.T. China, Z.I.H.E.T. Mexico, Z.I.H.E.T. Romania. For the Z.I.H.E.T. Serbia plant, the plant does not produce emissions into the atmosphere.

ZIHET ITALY EMISSION IN ATMOSPHERE in Kg year / 2019 turnover	
MEASURED PARAMETERS	QUANTITY
Total dust	5.80
VOC (C org tot)	12.50
VOC	13.30
Hydrochloric acid	1.00
Substances of a basic nature NaOH	3.80
Substances of a basic nature KOH	2.80
Hydrofluoric acid	0.70
Ethanolamine	1.10
Crystalline silica	1.70
Formic acid	1.0

ZIHET CHINA EMISSION IN ATMOSPHERE in Kg year / 2019 turnover	
MEASURED PARAMETERS	QUANTITY
PM 10	4.20
PM 2.5	0.40
NOX	23.80

ZIHET ROMANIA EMISSION IN ATMOSPHERE in Kg year / 2019 turnover	
MEASURED PARAMETERS	QUANTITY
CO	39.40
NOX	82.90
SO2	2.10

ZIHET MEXICO EMISSION IN ATMOSPHERE in Kg year / 2019 turnover	
MEASURED PARAMETERS	QUANTITY
Magnesium oxide	0.03
Toluene	10.30
Vulcanization smoke	0.10

The main emissions into the atmosphere produced by SIPA are VOCs, but emitted in very limited concentrations: each year SIPA emits an average of 4.32 kg of VOCs into the atmosphere.

With regard to ZIHET Italy, the surveillance and measurement program for atmospheric emissions is entrusted to a SINAL accredited laboratory and is extended to all emission points, excluding non-significant emissions, with particular regard to the plants potentially most at risk, both for the type of processing and the substances used (silicone, polyurethane and epoxy resins), and for the number of hours of operation.

Carbon Disclosure Project and CO2 emissions of the group

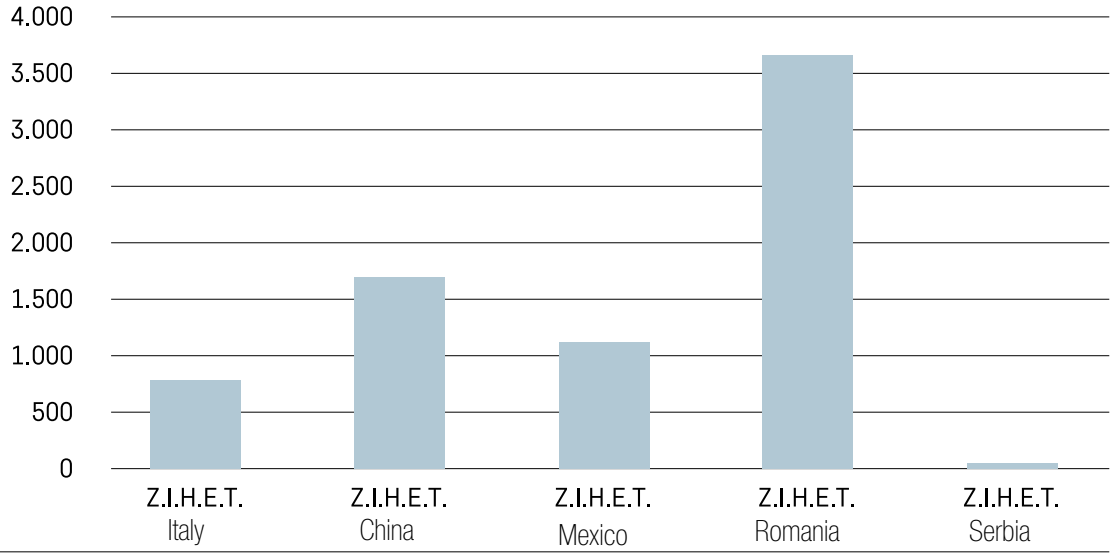
As a supplier of leading companies in the automotive, household appliance, aerospace, naval and rail sectors, the Group has joined the CDP (Carbon Disclosure Project) protocol, a non-profit organization that manages the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

Since 2018, this has led to the reporting of carbon balance sheet performance, namely the CO2 and other greenhouse gases emissions.

The protocol is divided into 12 chapters that include Governance, Risks and Opportunities related to climate change, Strategy, Target and Performance, Methodology for the calculation and disclosure of emission data, Articulation of emissive sources, Energy, Additional metrics, any Verifications/ assurance, Carbon pricing, Engagement, as well as an additional module related to the Supply Chain.

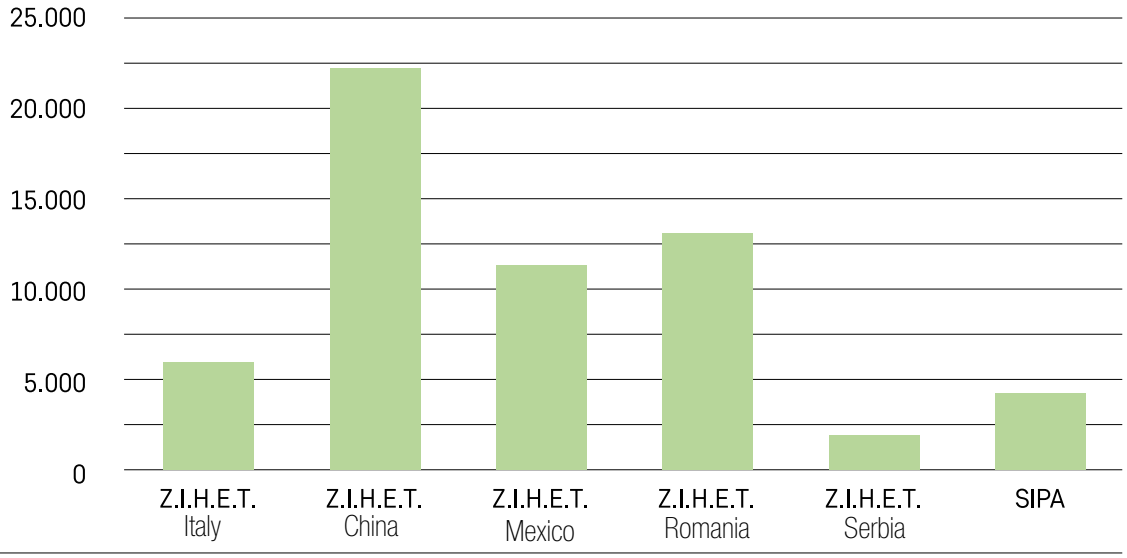
Below are scope 1 emissions, direct emissions associated with natural gas consumption and scope 2 emissions, i.e. indirect emissions associated with electricity generation calculated according to the location-based methodology.

TON CO_2 eq SCOPE 1



	Z.I.H.E.T. Italy	Z.I.H.E.T. China	Z.I.H.E.T. Mexico	Z.I.H.E.T. Romania	Z.I.H.E.T. Serbia
TON	762	1.663	1.123	3.711	59

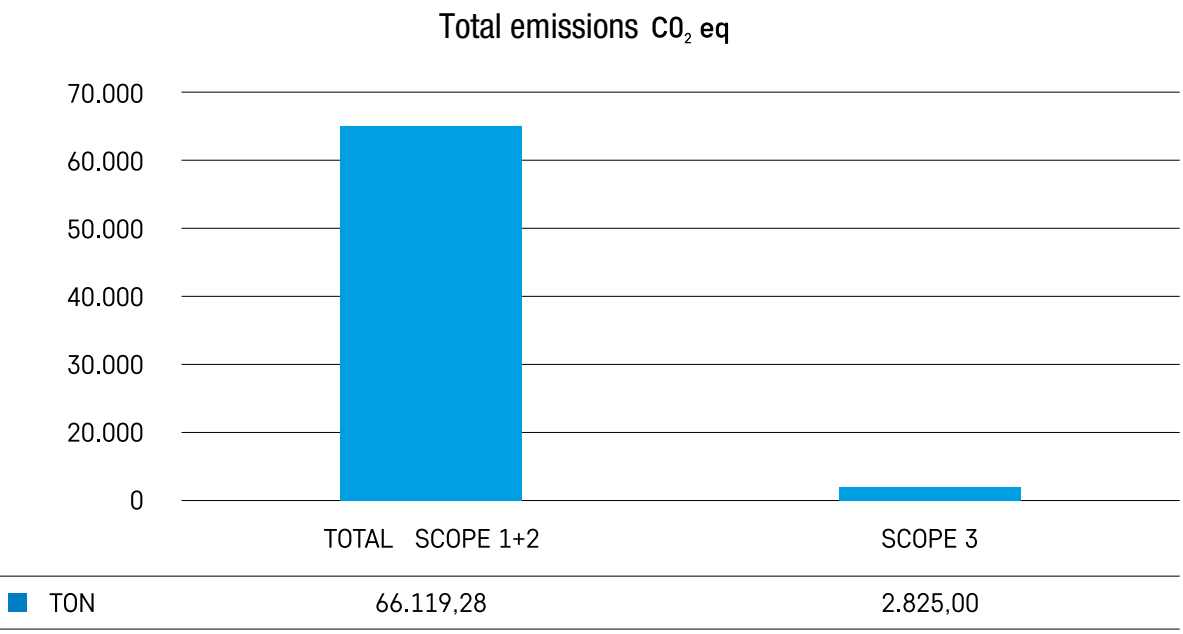
TON CO_2 eq SCOPE 2



	Z.I.H.E.T. Italy	Z.I.H.E.T. China	Z.I.H.E.T. Mexico	Z.I.H.E.T. Romania	Z.I.H.E.T. Serbia	SIPA
TON	6.079	22.385	11.031	12.800	2.327	4.179

SCOPE 3 emissions, i.e. transport emissions, were calculated on a sample of data from ZIHET Italy, Romania and Serbia.

EMISSIONS IN ATMOSPHERE in Kg year / 2019 turnover		
OUTBOUND	PERSONNEL MOVEMENTS	IRCA INBOUND (releted to a oxide, wire, steel, incoloy, aluminum, foil, silicone)
C02 truck 680 tonn	C02 flights for business trips 1500 t	C02 vessel + truck 580 t
C02 courier 45 tonn		
C02 vessel 20 tonn		



	TOTAL SCOPE 1+2	SCOPE 3
TON	66.119,28	2.825,00

The data relating to C02 eq emissions show that most of the latter are due to the consumption of electricity and natural gas, the C02 is in fact represented to a small extent by transport.

Precisely for these reasons the Group has chosen to structure an important strategy in the short to medium term focused on optimizing its consumption and reducing C02 eq emissions.

Production and treatment of waste

The Zoppas Industries Group constantly monitors, through specific registers and databases, the volume of waste produced by all plants, in 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.

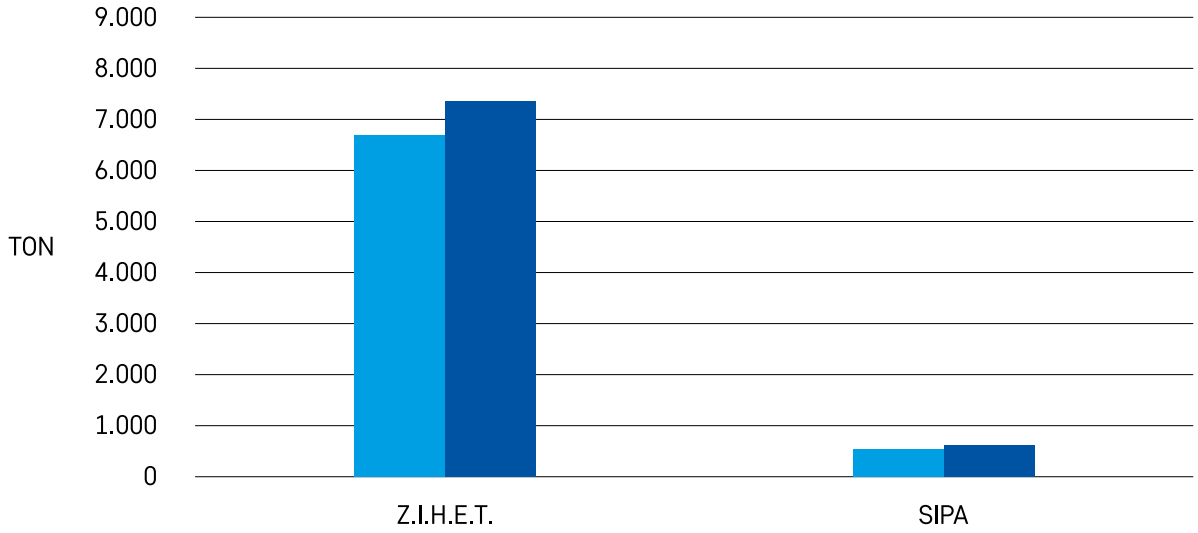
The procedures specifically define the operational indications and responsibilities in the process in order to ensure regulatory compliance and the adequate delivery of all waste, giving priority to forms of recycling and recovery.

The main waste produced by the Zoppas Industries group consists mainly of scraps of ferrous and metallic material in general. Small quantities are found of plastic components, packaging in multiple materials, waste oils, absorbent materials and rags, sealant resins. Below are statistics on landfilled waste, or recovery and recycling.

Zoppas Industries Group waste products year 2019

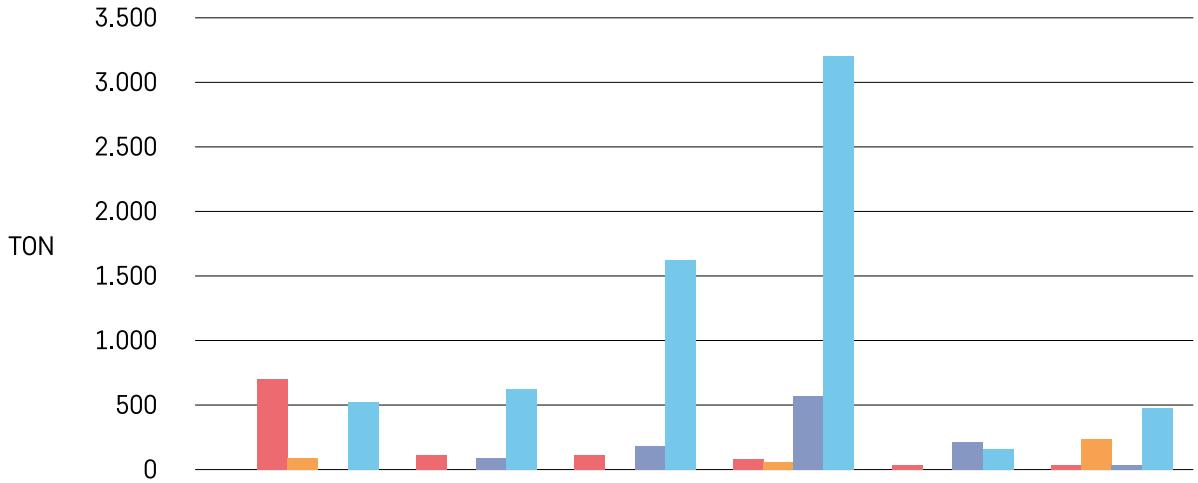
TYPE AND DESTINATION OF WASTE	U.o.m.	Z.I.H.E.T. CHINA	Z.I.H.E.T. ITALY	Z.I.H.E.T. MEXICO	Z.I.H.E.T. ROMANIA	Z.I.H.E.T. SERBIA	SIPA
Hazardous waste in landfill	Ton.	114	709	117	75	2	5
Hazardous wastes recovered or reused	Ton.	0	84	0	46	0	228
Total hazardous waste	Ton.	114	793	117	121	2	233
Non-hazardous waste landfilled	Ton.	79	0	193	577	206	29
Non-hazardous wastes recovered or reused	Ton.	632	516	1.608	3.214	171	489
Total non-hazardous waste	Ton.	711	516	1.801	3.791	377	519
Total waste for landfill	Ton.	193	709	309	652,0	208	34
Total waste recovered or reused waste	Ton.	632	600	1.608	3.259,5	171	717
TOT	Ton.	825	1.309	1.917	3.911,5	378	751

Zoppas Industries Group waste produced years 2018 and 2019



	Z.I.H.E.T.	SIPA
2018	7.598	663
2019	8.341	751

Zoppas Industries Group waste produced by location year 2019



	Z.I.H.E.T. Italy	Z.I.H.E.T. China	Z.I.H.E.T. Mexico	Z.I.H.E.T. Romania	Z.I.H.E.T. Serbia	SIPA
Hazardous waste in landfill	709	114	117	75	2	5
Hazardous wastes recovered or reused	84	0	0	46	0	228
Non-hazardous waste landfilled	0	79	192	577	206	29
Non-hazardous wastes recovered or reused	516	632	1608	3214	171	489

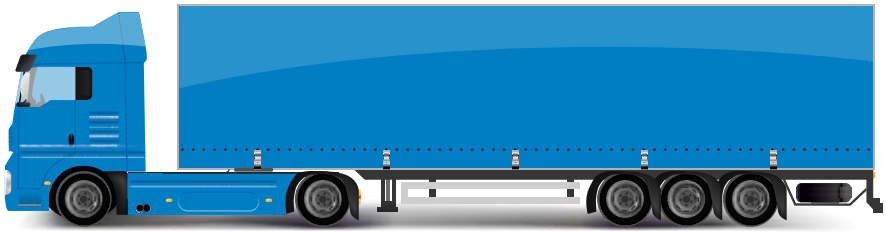
Efficiency of transport and logistics of raw materials and finished product

For the Zoppas Industries group, transport currently takes place mainly by road, as well as by sea for long-distance routes. The group's strategic objective involves the implementation of the "multimodal" project. This project is based on the desire to diversify types of transport also by alternative and more sustainable means in order to reduce CO2 emissions.

In particular, the load logic of the supports for the transfer of the cases has been revised and the use of only MEGA trucks has been introduced to make the most of the packaging volume available.

MEGA:

length	13.60 m
width	2.45 m
hight	3.00 m
volume	99 mc



With the aim of optimizing logistics and reducing CO2 emissions, Zoppas Industries Heating Elements has introduced:

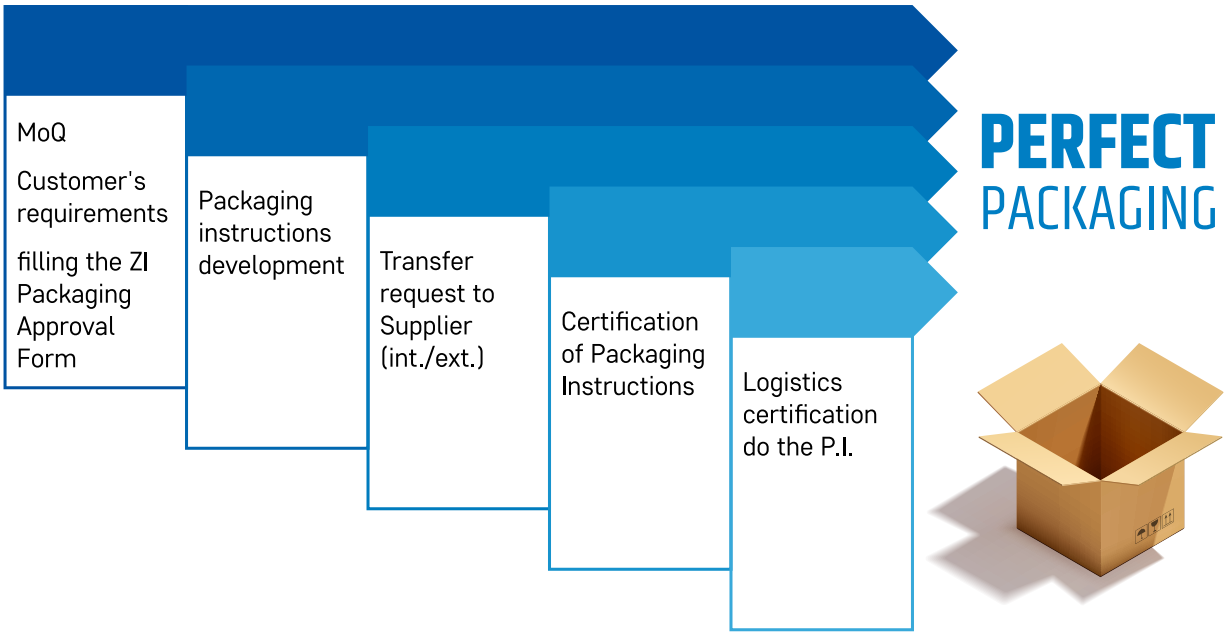
- **New ZI Logistics Hub: i**n August 2018 a new ZI logistics hub was inaugurated. This operation has allowed, among other things, the significant reduction in the mileage of shuttles and milk runs in place between production plants, suppliers, warehouses, with a consequent positive impact on emissions released into the atmosphere.
- Use of **green oriented partners;**
- **Milk run suppliers: s**ome milk runs have been active for years covering the rites of raw materials at their suppliers. These flows, in addition to reducing stocks, risks, costs, etc., reduce pollution, and also reduce congestion on roads and infrastructure.
- **China-Europe transport:** Train service is used whenever possible instead of air service. In addition to significant cost savings, there is a significant reduction in environmental impacts (both by air and sea). The train generates 12 times less C02 less than by plane
- **Load factor shuttles** (in particular routes Italy Romania): always monitored, interventions are made on the load factor of the shuttles in order to maximize the available space and reduce the number of trucks on the route.
- **Mandatory use of "Mega trailers" trucks** to further increase the efficiency of the flow.

By estimating the number of trucks at 100 units per year, the following savings in emissions into the atmosphere have been calculated:

Emissions (Referring to 100 trucks units/year)		
NOX	Kg	2,375.5
HC	Kg	330.6
CO	Kg	1,157
PM	Kg	54.5
C02	Kg	162,329
C02	m^3	81,984,549

To date, the Group's customers demand not only the quality of the product, but also the speed and precision of the service provided. The choice of a type of functional packaging becomes a winning weapon in an increasingly competitive marketas well as being able to count on an efficient logistics organization attentive to cost containment and environmental, impact.

In 2019 the ZIHET Supply Chain clearly perceived the need to promote within the group the packaging culture as an integral part of the marketing mix: hence the choice to include in the logistics team of each Plant a figure in charge of Packaging with activities related to the standardization, optimization and redesign in consideration of the impacts on the distribution chain and the ecosystem.



As far as Sipa Spa is concerned, the main transport item concerns shipments to customers, on long-distance routes, of the large machinery produced. It takes place mainly by sea (lower impact) compared to other solutions such as rubber and air transport adopted only, respectively, for shorter routes or sending spare parts. The distribution in terms of weight carried out is as follows:

Shipments to customers	%
By sea	66%
By land	21%
By air	12%

The lines of intervention for the optimization of logistics in terms of reducing C02 emissions are common to those of the group and are applied concretely in the following points:

- Use of **green oriented partners;**
- **Milk run suppliers:** some milk runs have been active for years that cover flows with external processing suppliers of the TV and PN provinces;
- **China-Europe transport:** Sipa has also started to use the service by train instead of air or sea with the benefits already mentioned and confirmed by the data of the table relating to the main Italy/China route below. In particular, the use of the train to replace air transport for priority deliveries but also as an alternative to sea is being promoted in order to achieve overall better saturation of the load of individual containers.

	RAIL		SEA	
	# shipments	Ton.	# shipments	Ton.
2017	0	0	106	455
2018	4	15	87	347

ROUTE	MODE Volume/Weight Transport 40' Box)	Ton CO_2e (WTW)	Ton CO_2e (TTW)
From: Hangzhou, China To: Vittorio Veneto (TV)	**Option "A"** – (by air)	71.11	58.26
	Option "B" (by sea)	1.2	1.08
	Option "C" (by rail)	3.9	0.07

EcoTransIT World Calculation Source - UNI 16258

Sustainable Innovation

All the activities of the Zoppas Industries group are oriented to the continuous development of products and new production technologies that meet the needs of the market.
For this reason, investments in technological innovation and development are an element of strategic value for the company and follow precise guidelines that aim to:

- enhance the requirements of performance, control and design;
- guarantee safety, quality, reliability, environmental compatibility, application simplicity and low consumption;
- reduce development time and improve the production process

In recent years the group has invested many resources in the field of Research and Innovation that to date focuses on the design and production of:

- innovative electronic controls and sensors for thermoregulation processes for the automotive sector;
- thick film heaters;
- ceramic heaters;
- heating surfaces;
- other innovative applications.

The ZIHET heating element technologies part focused in particular on innovation with the LIFE LASERFOIL project consisting in the implementation of a process of production of metal foil elements for surface heating for the automotive sector.

The specific objectives of irca's Life project are therefore:

- eliminate all SVHC substances currently used for the industrial process; ;
- drastic reduction in the production of chemical waste and changes in working processes involving less exposure of workers to chemical agents;
- reduction of the risk for aquatic organisms that may be in contact with process waste water.

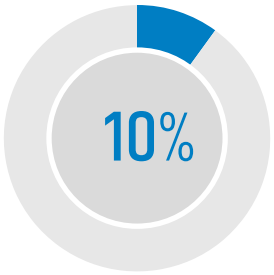
Other innovative projects carried out by the Heating Elements Technology side include those related to the efficiency and streamlining of the production process. The aim of the project is to completely redesign the production flow through the introduction of technological innovations so as to lead to a lower consumption of natural gas and electricity.

XTREME RENEW

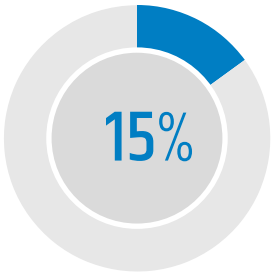
With the introduction of XTREME Renew, Zoppas Industries Group in particular with SIPA confirms itself as a leading company in compliance with the principles of circular economy. XTREME RENEW is the world's first integrated system for the production of preforms and containers for food use starting from 100% rPET flakes. An innovative, highly efficient, modern and highly sustainable solution, able to revolutionize the vision of the PET sector.

The system is the synergistic combination of two successful innovations: Vacurema and XTREME. Compared to alternative systems for recycling used PET bottles, it simplifies the process, reduces energy consumption, logistics costs and industrial costs.

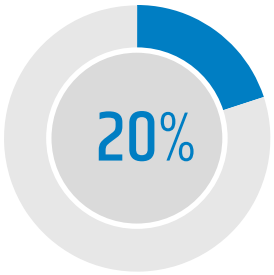
The XTREME platform is highly innovative and unique on the market: it is characterized by a continuous and rotary injecting-compression process for the production of preforms that allows the generation of molten PET starting from 100% recycled raw material (flakes).
During 2018, the first plant with this technology was delivered to a leading Japanese customer. The production of rotary preforms also allows the construction of integrated systems with other rotary machines (i.e. rotary blow molding systems) and during the year the XTREME SINCRO plant was built for the production of preforms and bottles in a single unit.



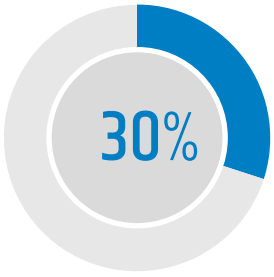
10% lighter PET containers
leading to a reduction
of raw material used



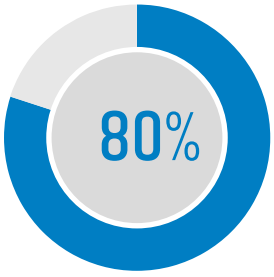
Lower TCO up to -15%
compared to conventional
recycling processes



-20% cost reduction
of logistic and transport



Energy savings: -30%
only 0.58 kWh/Kg of PET



CO2 emissions: -80%
compared to virgin PET

100% sustainable:
only recycled PET flakes

ZIHET and SIPA's ESG strategy

The Zoppas Industries Group's commitment to ESG (Enviromental, Social and Governance) issues has evolved over time, integrating and increasingly impacting at the level of corporate strategy. To date, the company has set itself the following medium-long-term objectives:

ZIHET

ENVIRONMENT	ENERGY / CO_2 Eq EMISSIONS	• Extension of ISO 50001 certification to plants in Mexico and Romania; • Reduction of CO2 emissions into the atmosphere by 5% for plant efficiency; • Reduction of CO2 emissions into the atmosphere by 30 % of Ton CO2 for certified green energy purchase.
	RAW MATERIALS	• Design analysis to increase the percentage of recyclable components of finished product at the end of life; • Implementation of the use of recycled materials within the production cycle; • Purchase FSC certified recycled paper; • Adoption of application for document management in electronic format for the dematerialization of the flow of documents with the aim of eliminating the use of paper, reducing toners and storage space; • Adoption of paerless processes in all business departments; • Monitoring and actions to limit the exploitation of natural resources.
	EMISSIONS INTO THE ATMOSPHERE	• Reduction of atmospheric emissions; • Extension of CDP questionnaire to plants in Romania, Mexico, China and Serbia with class C or higher obtaining.
	SUPPLY CHAIN MANAGEMENT	• Supplier involvement, giving priority to certified suppliers over environmental aspects; • Saturation optimization of means of transport.
	ENVIRONMENTAL CERTIFICATIONS	• Extension of ISO 14001 to the plant in Mexico.
SOCIAL	SAFETY AT WORK	• Investment in health and safety at work in terms of new technologies and training hours.
	PERSONNEL MANAGEMENT	• Strengthening internal know-how through the acquisition of new skills; • Linking MBO, remuneration and incentive policies related to environmental issues (GHG gas reduction).
	SUPPLY CHAIN MANAGEMENT	• Implementation of monitoring/audits related to social and environmental issues on suppliers.
	RELATIONSHIP WITH EXTERNAL STAKEHOLDERS	• Implementation of an increasingly important process of involvement of external SH on economic, environmental and social issues; • Promotion of investment in sustainable projects.

SIPA

ENVIRONMENT	ENERGY	• Controls on the compressed air distribution system with a view to optimizing leaks along the distribution line; • Acquisition of certified electricity from renewable sources; • Initiation of specific controls on boiler efficiency; • LED lights in production instead of incandescent; • Timer/twilight lights.
	RAW MATERIALS	• Introduction of separate collection system within offices; • Increased use of recycled materials in production; • Progressive reduction of paper in favor of digital, digitization of machine assembly area and mold production area; • Purchase FSC certified recycled paper.
	EMISSIONS INTO THE ATMOSPHERE	• Verification of emissions reduction of boilers for room heating; • Depending on the distance, give priority to hybrid rental cars with a view to co2/km reduction.
	SUPPLY CHAIN MANAGEMENT	• Implementation of rail or ship transport in particular on Europe-China routes (compatible with delivery times); • Screening suppliers on environmental aspects.
SOCIAL	SAFETY AT WORK	• Increased hours of training in workplace safety and waste management; • Implementation of an accident reduction plan with the aim of reducing frequency and severity.
	PERSONNEL MANAGEMENT	• Talent project; • School-work experience; • Work-life balance projects; • University of Turin project on sustainable packaging • Competition for the development of innovative packaging perfectly recyclable on an international platform; • Courses to raise awareness of environmental issues.

ZOPPAS GROUP

GOVERNANCE	INTEGRATION OF SUSTAINABILITY INTO THE BUSINESS MODEL	• Improvement of the involvement of the Governing Body in the evaluation of choices related to Sustainability, also through the implementation of the activities expected by the Sustainability Council; • Promotion of investments in sustainable projects: integrated industrial plan with sustainability plan.
	SUSTAINABILITY DATA MANAGEMENT	• Sustainability training (managers), reporting standards, performance measurement.

Methodological note

The Sustainability Report is drawn up in accordance with the 'GRI Sustainability Reporting Standards', published in 2016 by the Global Reporting Initiative (GRI) according to the GRI core option. In the appendix to the document there is the "GRI Content Index" with details of the contents reported in accordance with the GRI. This is the first edition of the sustainability report to be updated annually.

Currently the company does not rely on auditing companies for the verification of non-financial information. In the preparation of the financial statements, however, the traceability and correctness of the data used is declared and guaranteed.

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