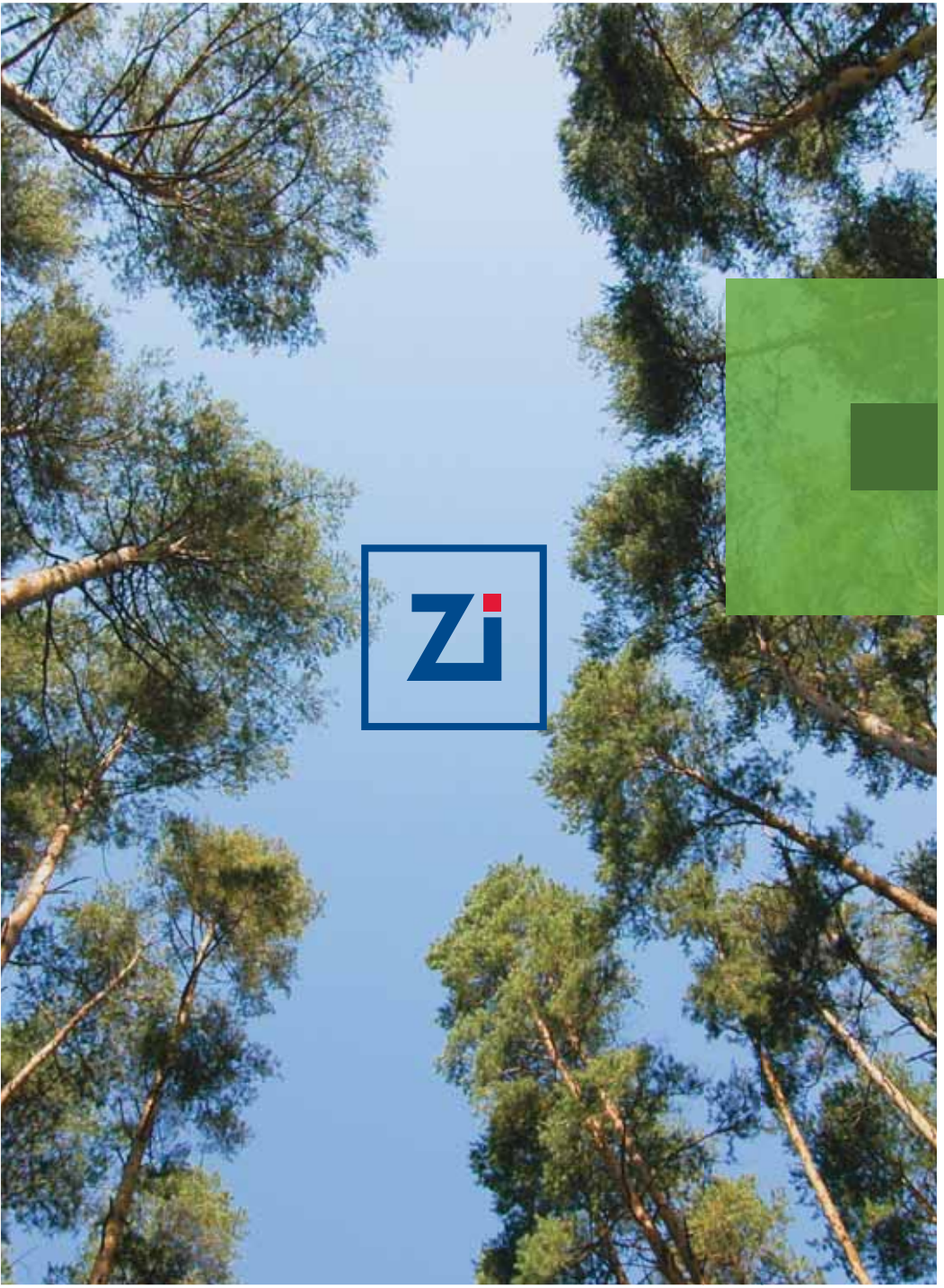
Zoppas Industries

SUSTAINABILITY REPORT 2021

BUILDING A SUSTAINABLE FUTURE STARTS WITH PEOPLE



SUMMARY

1 INTRODUCTION

The 2021 Sustainability Report is the tool that Zoppas Industries Group uses to inform its stakeholders of the annual results of its Sustainability path. Now in its third edition, the aim of the report is to communicate - in an objective form verifiable through the appropriate use of quantitative and qualitative-contextual indicators - the performance linked to the sustainability themes achieved by the Group, paying great attention to the expectations of all stakeholders, starting from the renewed analysis of materiality.

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

The document has been prepared using, as a technical and methodological reference, the "Global Reporting Initiative Sustainability Reporting Standards" issued by the "Global Reporting Initiative" in 2016, integrated with the Sustainable Development Goals (hereinafter also SDGs) elaborated with the 2030 Agenda.

Gianfranco Zoppas

2 LETTER FROM THE CHAIRMAN

The world is experiencing a true sustainable revolution and we want to be the main players. Rising to the new challenges, imposed by the market in order to succeed, is part of the Group's entrepreneurial spirit. We have involved all our resources in an ambitious global project in the over 50 countries we operate in.

We want to overcome the idea of products as commodities to provide, above all, solutions with high added value and technological platforms, with a view to progressive servitisation and within a framework of extended responsibility of the manufacturer. Our global presence allows us to be close to partner clients, which makes us less exposed to market fragilities. The pandemic first, and the current economic situation now have taught us that being global is certainly a strong point, also in terms of supply chain strength. We are also increasingly global in our strategic approach: ESG metrics are integrated into our risk and opportunity analysis systems and permeate planning through ecodesign, becoming levers of value creation both inside and outside the business.

Building on these goals, we have consolidated, and are making structural, the analysis of the environmental impacts (primarily carbon footprints) generated by our systems. This becomes an integral and fundamental part of the design process, extending our commitment to sustainability also to the CSR EcoVadis protocol and ensuring compliance with the CDP (Carbon Disclosure Project). Emissions from owned or directly controlled (“Scope 1”) sources and energy related emissions (“Scope 2”) will be first decreased and then reduced to zero.

On the energy front, we are developing a trajectory to 2025-2035 to make us progressively independent from fossil fuels, both in electrical and heat terms, through a combination of generation systems and a precise vision of the transition phase, consistent with the EU Taxonomy. And that's not all. The Group has already launched projects with partners and suppliers to share and apply the same principles of sustainability, so as to act decisively on indirect non-energy emissions ("Scope 3").

Our leadership in the market (that we have continuously strengthened over the years) and our widespread presence at an international level are protecting us from possible negative impacts, which at the moment are contained and perfectly manageable.

2022 will definitely not be an easy year, there is uncertainty and concern. But as happened during the pandemic, when we successfully managed the peaks of demand that emerged during the lockdown phase, we are bravely looking forward, investing even more in innovation, the nervous system of all the Group's companies: this has allowed us to transform an unpredictable or unexpected event into a new business opportunity. So we are also perfectly prepared for the challenges that climate change imposes on us, both in terms of managing its consequences and in terms of the efforts needed to mitigate it: for this reason, today we interpret innovation increasingly based on sustainability, which for us means commitment in environmental, social, creative, responsibility and ethical terms.

Our R&D and Product Development Areas focus on platforms that aim to eliminate waste and maximise recycling and reuse. We want to help people consume less and better by introducing new non-polluting solutions aimed at saving energy, materials, water.
SIPA is committed to designing and manufacturing lightweight containers with up to 100% recycled PET.

Among the various strategic directions, we are very focused on the opportunities of the so-called Space Economy. For thirty years, Zoppas Heating Element Technologies (ZIHET) has been a qualified supplier of the European Space Agency (ESA) for flex heaters used in thermal balancing (Thermal Control System) in satellites, space vehicles, pressurised modules and ground antennas. Future development will be increasingly based on higher value-added industrial applications, such as those for avionics, where our ice-protection resistors are used for the wings and for the internal heating of aircraft. Many satellites (European and non-European) are equipped with thermal control systems designed and manufactured by IRCA.

So there is so much ongoing research, and a great deal of attention to new markets, such as that for second-generation heating systems for the railway and automotive sector, and the integration of packaging technologies to start from preform production and arrive to filled bottles in one system. Lots of research means a lot of knowledge, which we create day after day and make available to customers, end consumers, our sector of reference, institutional players and - in a broader sense - to all stakeholders: this is our way of being protagonists of the sustainable revolution, that will either be able to create scientifically based knowledge, or it will not happen.

Gianfranco Zoppas
Cavaliere del Lavoro

Executive Summary

For the third consecutive year, the Zoppas Industries Group renews its commitment to transparent communication with its stakeholders through the Sustainability Report. The two companies of the Group, ZIHET and SIPA - both market leaders in the reference sector - present in the document the development of their improvement processes, in line with the objectives they have set and are achieving in the short-medium term.
Thanks to the commitment to improving performance, the Zoppas Industries Group has reported successes on all three pillars of sustainability: environmental, social and economic.

Turnover is constantly growing, indicating an optimal management of activities, making it possible to invest in new offices and industrial infrastructures, in the improvement of technological processes, in personnel training and in projects for the community. In fact the number of employees (+ 4.6%) and training man-hours at Group level (+ 8.1%) increased.
Investments in energy efficiency and the purchase of electricity with guaranteed origin from renewable sources on the Italian and Romanian plants have led to substantial reductions in CO2-eq emissions.
The product development activities on the "green tubular" for ZIHET and on the "green plastic" factor for SIPA also confirm the Group's choice to gradually reduce the environmental impact on its products, as well as at the organisational level.

Innovation and sustainability are the foundations of the Zoppas Industries Group, transversal to the two main Group companies - in the sectors of heating systems (ZIHET) and PET production systems (SIPA) - creating two stories, two business models and two examples of development and industrial culture that have contributed to making our country 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 extraordinary 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.

The Group is currently participating in two of the main sustainability ratings projects, EcoVadis and CDP (Carbon Disclosure project) in the case of ZIHET, 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 first rating, EcoVadis, the two companies achieved an overall score that puts them 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.

-24%
TONS OF CO_2 EQ EMISSIONS DUE TO GREEN ENERGY ACQUISITION

100%
GREEN ENERGY WITH CERTIFICATE OF ORIGIN IN 2 PLANTS

B-
CDP SUPPLIER ENGAGEMENT RATING SCORE

+15.4%
TRAINING HOURS COMPARED TO 2020

-74%
TONS OF CO_2 EQ EMISSIONS DUE TO GREEN ENERGY ACQUISITION

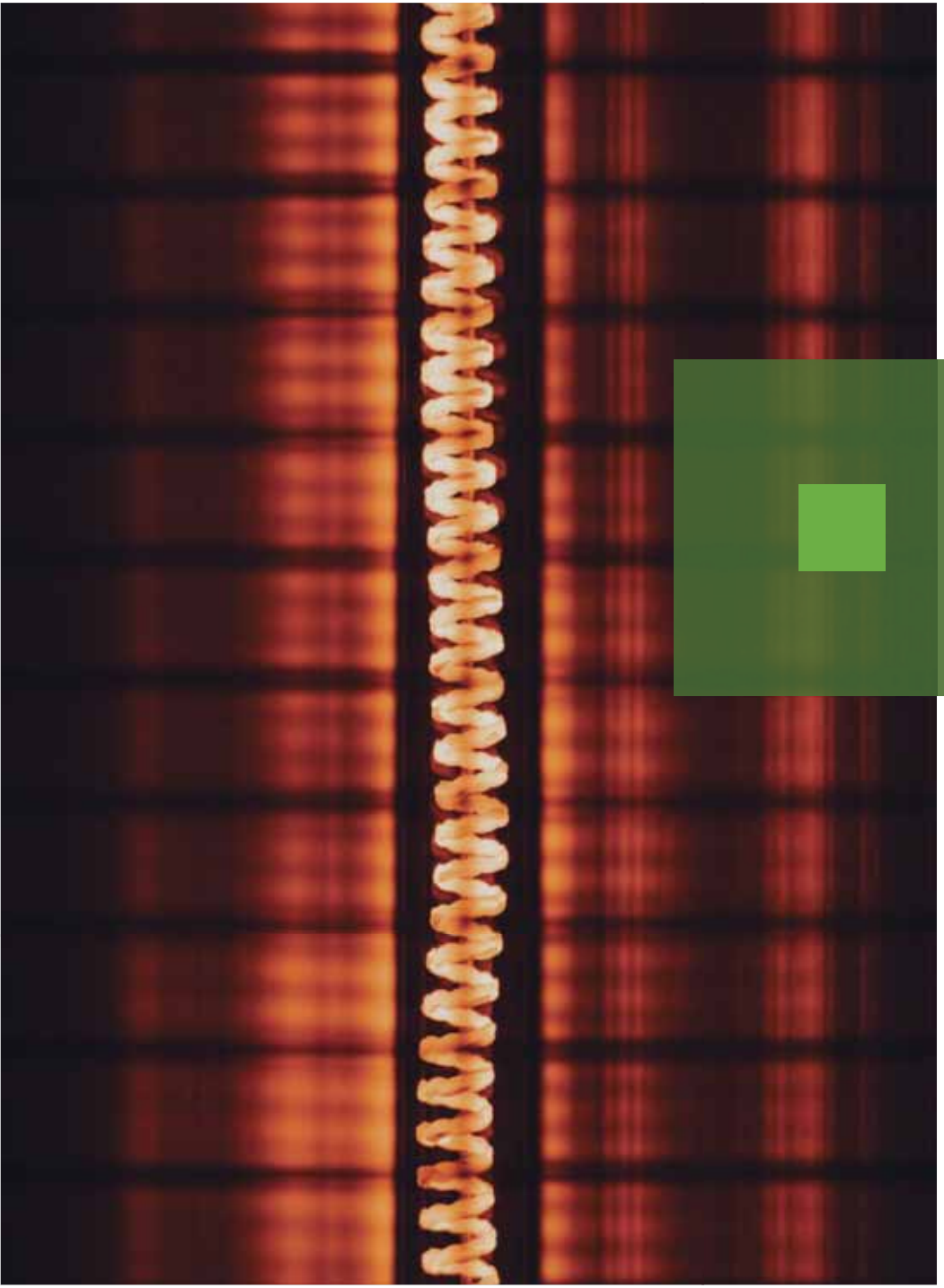
-11%
TONS OF CO_2 EQ EMISSIONS DUE TO ENERGY EFFICIENCY PLANS IN PRODUCTION

53%
ENERGY SAVINGS WITH LED LIGHTNING REPLACEMENT IN PRODUCTION PLANTS & WAREHOUSES

-36%
PAPER CONSUMPTION DUE TO DIGITALISATION

CDP
DISCLOSURE INSIGHT ACTION

ecovadis



3 METHODOLOGICAL NOTE

The Zoppas Industries Group, with its companies ZIHET and SIPA, is an unlisted company which is not required to submit a Non-Financial Statement. Nevertheless, the Group wishes to provide its stakeholders with a report on the results of its improvement efforts.

This 2021 Sustainability Report has been prepared using the technical-methodological reference according to the GRI - REFERENCED option of the 2016 "GRI - Global Reporting Initiative" guidelines, integrated with the Sustainable Development Goals of the United Nations 2030 Agenda[1].

The reporting scope of this Statement includes:

ZIHET (Zoppas Industries Heating Element Technologies)

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

SIPA Italy

[1] Reference was made to the GRI document "Linking the SDGs and the GRI Standards" updated on September 2020.

This Sustainability Report does not provide for the verification of assurance by external parties. However, the traceability and correctness of the data used, as well as the performances presented, are guaranteed.
This edition, which refers to the 2021 tax year, is the third, and does not contain any revised information compared to previous editions, nor changes in reporting.
The Group is committed to an annual publication, which is available on the website of Zoppas Industries Heating Element Technologies, and on the SIPA website.

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

To request information about the content of the Sustainability Report, please contact:
ZIHET: marketing@zoppas.com
SIPA: marketing.sipa@zoppas.com

4

ZOPPAS INDUSTRIES GROUP

8047
ZIHET EMPLOYEES

59 YEARS
OF EXPERIENCE IN THE BUSINESS

15
COUNTRIES WITH OFFICES

15
PRODUCTION PLANTS

40 YEARS
OF EXPERIENCE IN THE BUSINESS

1244
SIPA EMPLOYEES

4
PRODUCTION PLANTS

23
SALES BRANCHES

Zoppas Industries
Heating Element Technologies

SIPA

5 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

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

ZIHET
ZOPPAS INDUSTRIES HEATING ELEMENT TECHNOLOGIES

Based in Italy at Vittorio Veneto (TV), the company **has 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 U.S.), with **4 sales branches** (UK, Finland, Turkey, Brazil) and **4 associated offices** in Romania, Serbia, China and Mexico.

Its numbers are:

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

8047 **Employees** of the group[2]

15 Owned production **plants**

11 Countries with **production sites**

15 Countries with **offices**

59 years towards sustainability. From the outset, "Zoppas Industries Heating Element Technologies" (ZIHET) has attached great importance to the development of sustainable solutions and initiatives in favour of people and the environment.

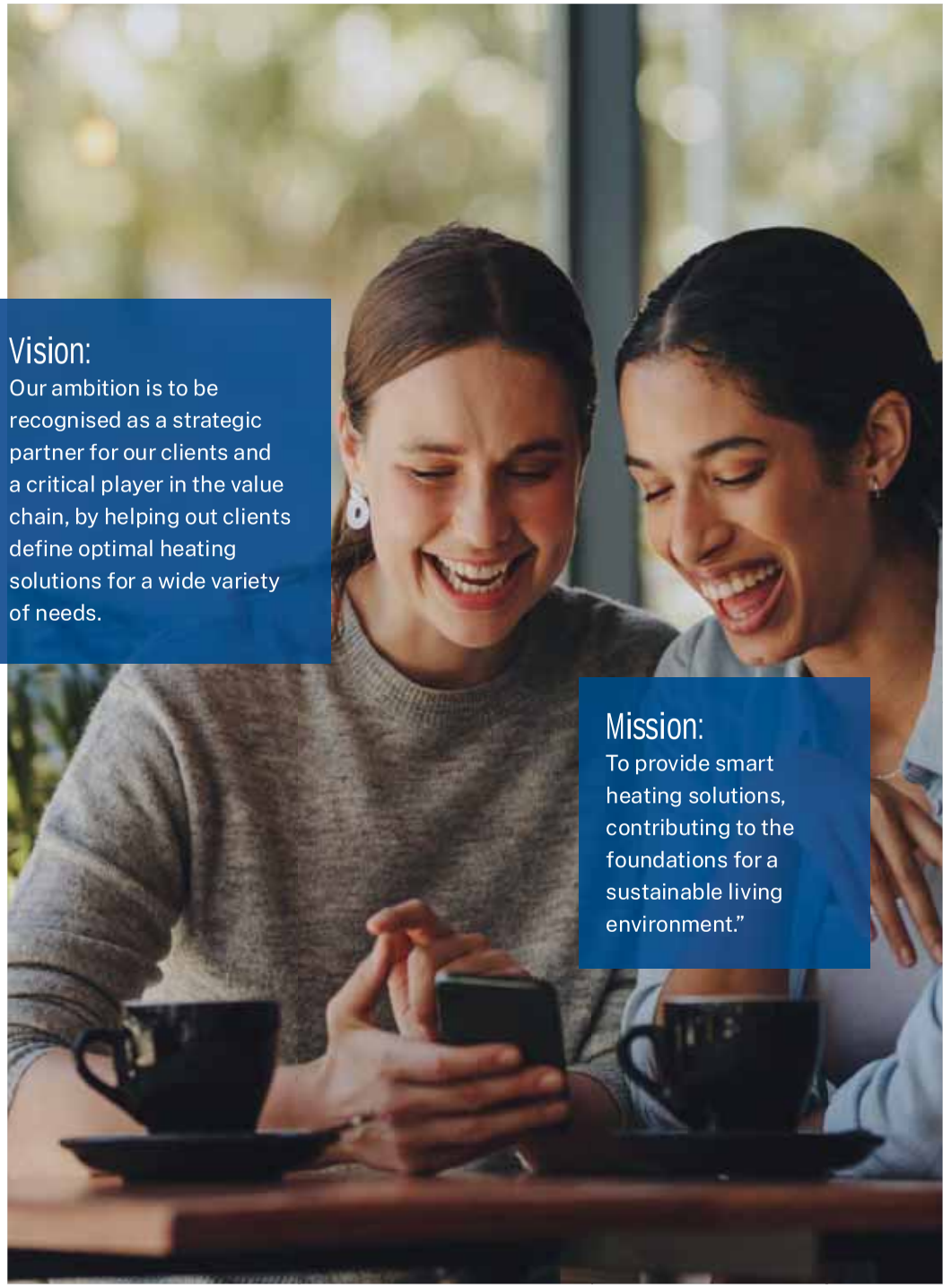
[2] In the Sustainability Report, as indicated in the methodological note, the reporting scope includes the branches of Italy, Romania, Serbia, China and Mexico, totalling 7246 employees.

In 1963 Luigi Zoppas, the founder of Zoppas Industries Heating Element Technologies under the name IRCA (Industria Resistenze Corazzate e Affini S.p.A.), started his business in San Vendemiano (Treviso). The company only had about 100 employees to begin with and worked as a kind of subcontractor providing spare parts for Zoppas, a well-known manufacturer of home appliances based in Conegliano.

The company has expanded and has since become one of the world's leading providers of heating system solutions. Between 1964 and 1970, IRCA directed its activities to achieve leadership in the promising Italian post-war market. It was increasingly successful in Europe, especially in applications for the household appliances industry. ZIHET imported from the United States the know-how for the production of defrosting elements, aimed at the fast-growing refrigeration market of the time. The key to success was the introduction of an innovative steel-coated tubular heating element, which soon proved to be reliable and ended up replacing the previous copper technology in the washing sector. In 1970, ZIHET expanded its product range for the European market. It set up a number of specialised units for the production of electrical heating elements and systems for small household appliances and for the design and production of heating elements for the industrial market (cartridges, sealed tubular resistors and strips).

The commitment to responsible business ethics has been clear from the outset. Over the years, activities such as support to local communities in several countries, have shown how the company takes social responsibility seriously. The launch of several projects around the world marks the beginning of an even more ambitious chapter in ZIHET's intent to deepen and expand its positive contribution to society.

ZIHET's values can be expressed as follows:



Vision:

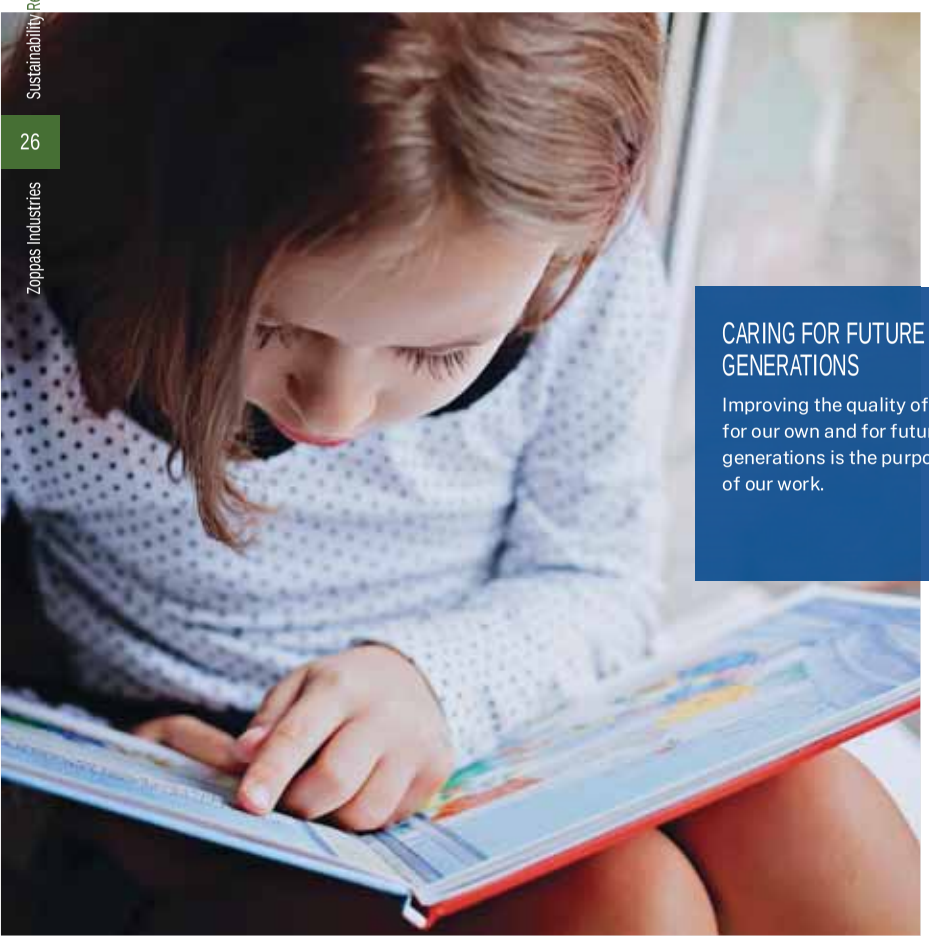
Our ambition is to be recognised as a strategic partner for our clients and a critical player in the value chain, by helping out clients define optimal heating solutions for a wide variety of needs.

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.

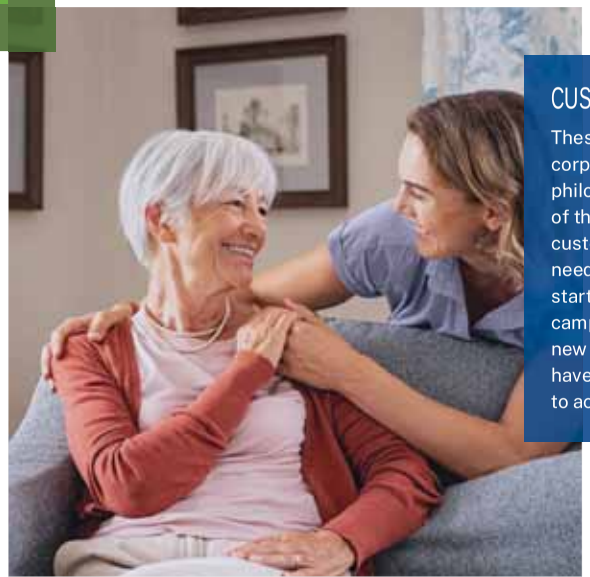


CARING FOR FUTURE GENERATIONS

Improving the quality of life for our own and for future generations is the purpose of our work.

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

It has been our mission since the foundation of the company 59 years ago. 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.



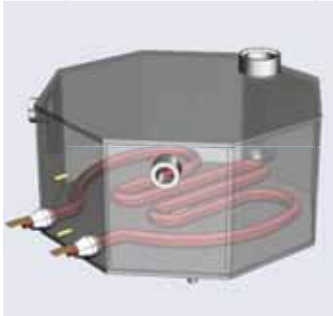
CUSTOMER CENTRICITY

These two words sum up our corporate culture, strategy, and philosophy in one shot: our definition of the value chain begins with our customers. Their expectations, needs, and desires always form the starting point of marketing and sales campaigns. By constantly looking for new ways to improve and progress, we have put our business well on the way to achieving our targets.

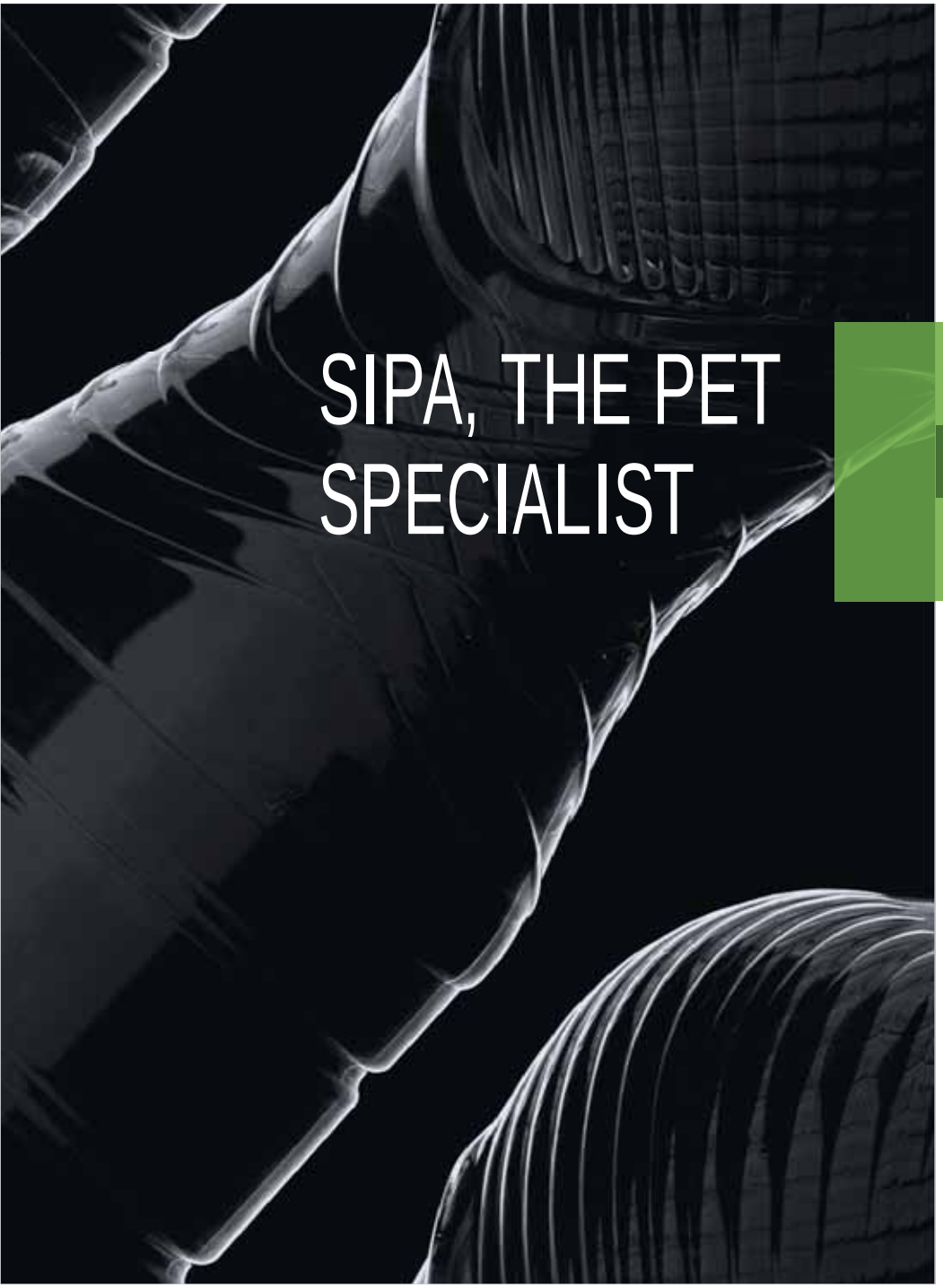
In 2021, the biggest event for ZIHET was linked to the inauguration of the new factory in China, in Jiaxing (province of Zhejiang).
Zoppas Industries, already present in Hangzhou since 2000, with a production plant that has been gradually expanded until it reached 54,000 square meters in size, has invested in the new Jiaxing factory, which covers an area of about 5,000 square meters. This is part of an expansion strategy that was necessary in order to meet the growing number of orders obtained by Zoppas Industries in the Chinese and Asian-Pacific markets.

Opening ceremony for the new headquarters of Zoppas Industries Jiaxing Ltd. - 31 March 2021, Jiaxing

REFRIGERATION & HOME APPLIANCES	FOOD SERVICE, COFFEE, LAUDRY, WELLNESS	DOMESTIC HEATING, AIR CONDITIONING & PLASTICS	PROCESS HEATING
• 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 cooking appliances, food distribution equipment and dishwashers; • solutions dedicated to the electric heating of equipment and accessories used in processing, cooking and preserving bread, confectionery and pizza; • wide range of materials for professional coffee makers and vending machines; • solutions for the electric heating of industrial, professional and household washing equipment; • wide range of equipment for wellness and beauty treatments for the face and body: saunas, steam baths, whirlpool systems and tubs, health spas, showers and cabins, hair dryers, face treatments, aerosol, sunbeds and waterbeds	• Heating elements and hi-tech heat regulation systems, for domestic heating appliance OEMs – meeting the requirements for home heating to water heating, including instantaneous showers; • heating solutions for air conditioning equipment, such as air curtains, air treatment units, chillers, humidifiers, precision systems, widely used in all areas where space heating is required – including offices / factories / schools / hospitals / homes and public transport; • heaters are applied into tools and devices intended for the plastic poulding, packaging, metal forming, medical industries	• 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

Located in Vittorio Veneto, in the province of Treviso, the company has 23 sales branches, 4 production plants (two in Italy, one in Romania and one in China) and 36 after-sales service centres for the supply of spare parts and technical assistance. SIPA also offers a reconditioning service for injection moulds in 7 locations worldwide: Italy, China, Japan, South Korea, Mexico, Brazil and the United States.

Its numbers are:

- 4 SIPA production plants
- 8700 systems installed in 141 countries
- Over 2600 clients worldwide
- 1244 employees, of which 768 are in Italy
- 23 Sales branches
- 36 After-sales service centres in the world

SIPA provides technological solutions and after-sales service for a wide range of PET packaging systems for the food and beverage industry, detergent and personal care products, cosmetics, chemicals and pharmaceuticals. SIPA has always been at the forefront in the development of sustainable solutions for the production of plastic packaging with the continuous introduction of innovations aimed at minimizing the environmental impact of its machines and packaging products. This is done by increasing the efficiency of its systems and reducing the weight of the containers and at the same time the consumption of energy, compressed air and water but above all through the development of technologies that can process recycled plastic directly from flakes, as in the case of Xtreme Renew. Never before has plastic reached a critical moment in its history.

There is a lot of talk about putting an end to its use, SIPA instead is committed to a new beginning. So that everything that is stopped being consumed, you go back to be reused. So the economy, and the future of the world, will circulate again.

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

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

SIPA's wide range of products includes machines for the production of preforms and single and two-stage container production systems (rotating and linear blow-moulding machines), single filling blocks, product preparation systems, as well as a complete range of robotic and palletizing 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.

AWArPET: the holistic approach to the sustainability of PET packaging

SIPA's approach to designing PET containers is holistic: factors such as the low weight of the PET container, high performance, attractive and user-friendly aesthetics are considered, and these factors are adapted to the principles of circular economy. 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.

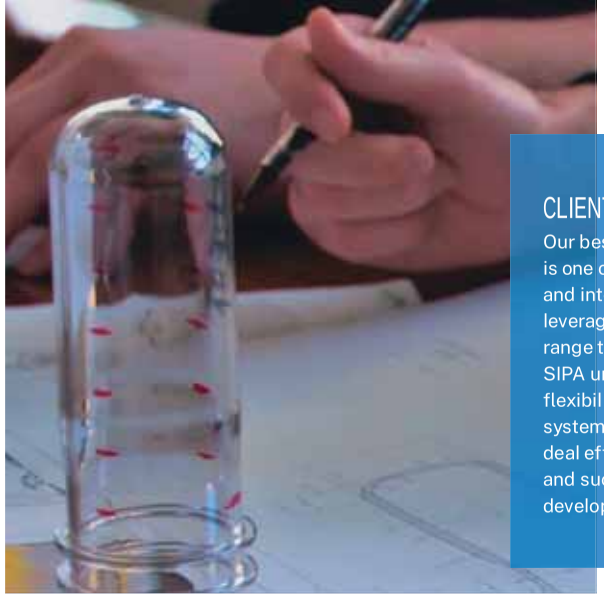
SIPA uses the Green Plastic Factor to show how light a bottle is compared to what it contains. The Green Plastic Factor (or GPF) is the ratio between the volume of the container's content, in millilitres, and the weight of the empty container in grams. For a collapsible 10 litre bottle, the GPF is about 125, while for a 500 ml single-use bottle it is about 55. This clearly shows the high level of sustainability of large-format bottles, for which SIPA production has developed specific machinery.

SIPA's values can be expressed as follows in the next pages.

AWArPET

Mission:

Listen to our customers, understand the real needs and provide SUSTAINABLE packaging solutions.



CLIENT FOCUS

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. SIPA undertakes to broaden production flexibility, with continuous innovations in system integration and inter-operability, to deal effectively with increasing complexity, and successfully predict business developments.

FLEXIBLE SOLUTIONS

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

CREATIVITY AND INNOVATION

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

SUSTAINABLE SOLUTIONS

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

PEOPLE AND RESPONSIBLE MANAGEMENT OF EMISSIONS / CLIMATE RISK

Ecodesign and circular economy are two key elements of a sustainable economic model. A design based on the efficient use of resources and materials allows the reduction of the environmental impact linked to production, while at the same time helping to reduce the amount of generated waste, acting on durability, repairability, possibility of updating and the recyclability of the products themselves. A good design, to really be such, focuses on the principles of the circular economy.

The approach to the design of the Zoppas Industries Group products is the same: products are designed to have a low impact, not only during production and end-of-life, but also throughout their entire life cycle. In doing so, the Group not only helps the Planet, but also encourages consumers to use the product responsibly.

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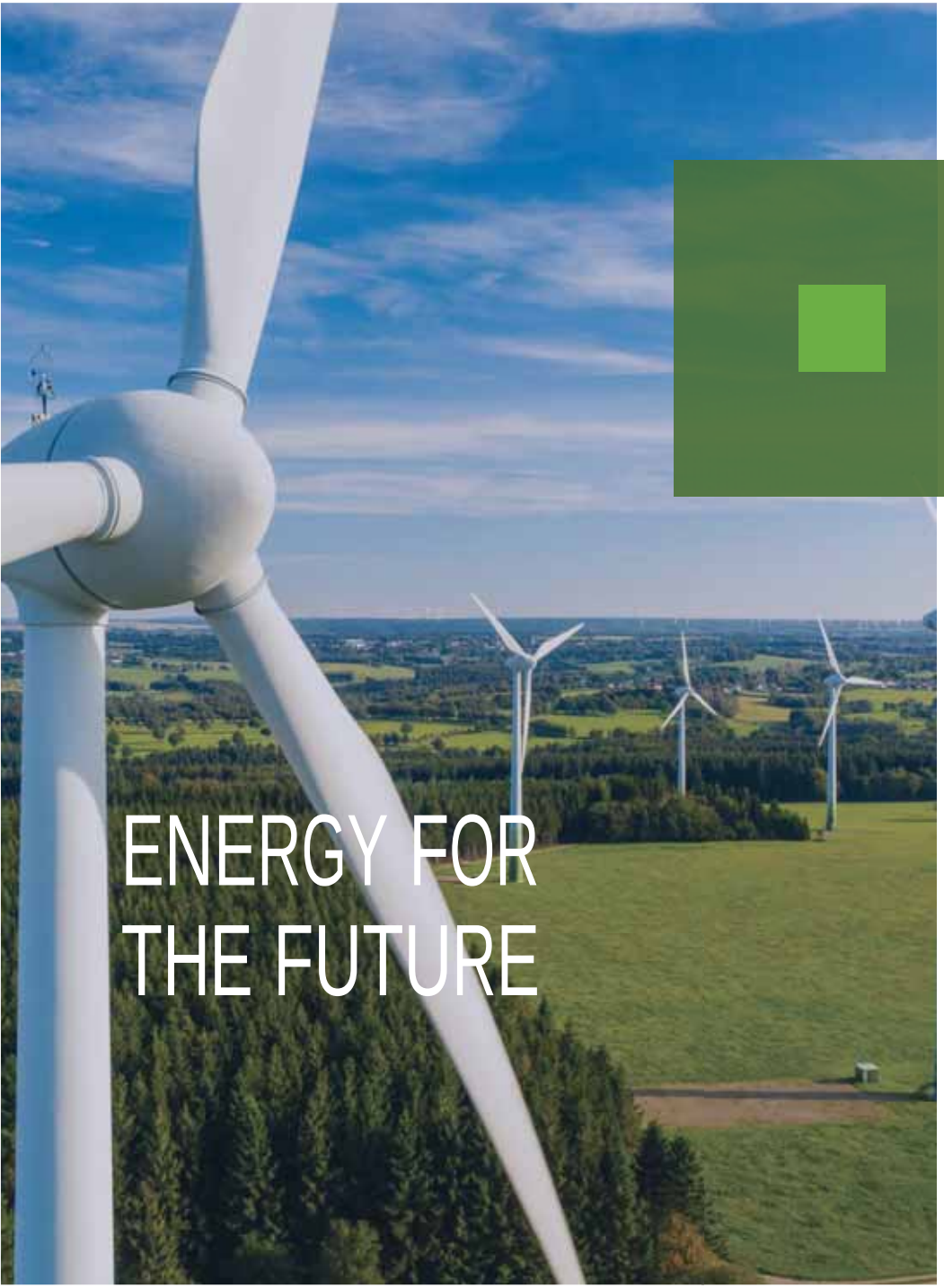


ENERGY FOR THE FUTURE

Zoppas Industries

Heating Element Technologies

Energy is what moves everything around us. Taking care of it and producing it in a sustainable way is an act of responsibility towards ourselves and above all towards the environment surrounding us.

The aim is to combine forces starting with the production processes and the correct behavior of individuals, and to incorporate all this into the development of effective policies to change the way we relate to the products and services we use on a daily basis.

The energy issue is crucial now and will be more and more so in the future. As Zoppas Industries we design solutions for the renewable energy-generation industry, like heating elements and complete systems for wind power installations. Everyone has to do their part, from the final consumer to the companies operating in the industry, to make a conscious consumption of the resources of our planet.

MOVING IN THE RIGHT DIRECTION

Today, with so many transportation options, it's essential to make the right choice. The choice whether to go to work by car or public transport, whether to go on vacation by train or plane, whether to buy a petrol or electric car.

It is necessary to actively take action in the conduct we have carried out until today. To really make a difference, we must learn to develop new habits that can be put into practice in increasingly broader environmental and social contexts.

As Zoppas Industries we offer increasingly innovative systems that support sustainable and responsible mobility, from improving the thermal efficiency of electric cars' batteries to heating elements specifically designed for locomotives. Moving in the right direction is not a choice but the only possibility for the well-being of future generations.

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

CONSUMING LESS IS MORE RESPONSIBLE

From small everyday actions, we can decide to improve our future, starting with the energy we use every day.

Our systems can be found inside most of your household appliances, such as your coffee machine, oven, washing machine, or dishwasher, helping you to limit the consumption of energy. We manufacture applied electronic controls, functional systems, and heating elements that enable you to be sustainable through efficient temperature management.

Improving the quality of our lives while respecting our planet is possible, starting with the small things.

SIPA

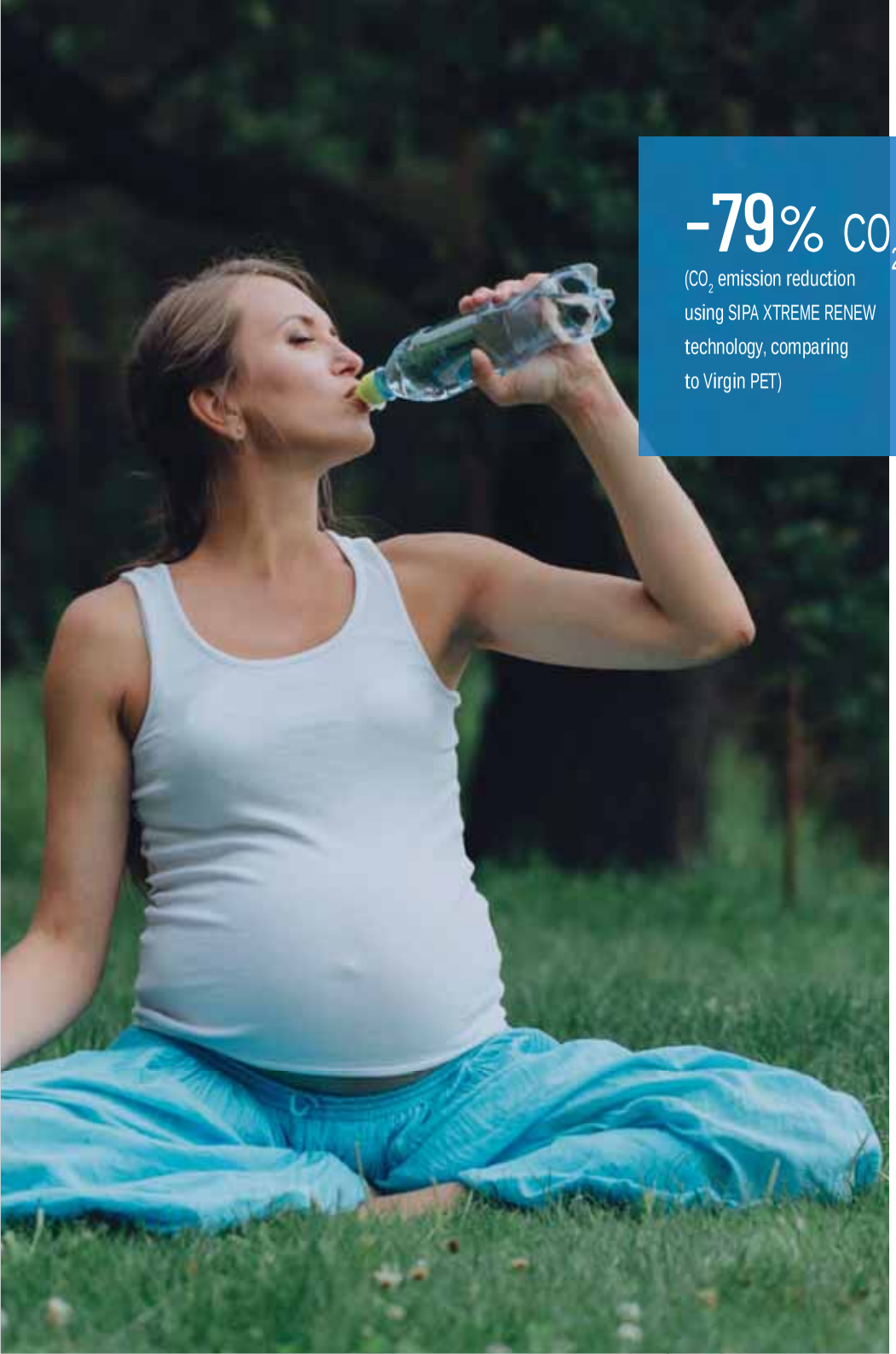
SIPA's commitment to the responsible management of emissions and climate risk is developed in all phases of its activity, from the design of the container to packaging machines, to the end of the product's life.

SUSTAINABLE PACKAGING

Maximum attention during the design phase of the container is placed on the hygiene and safety of the product that will be stored in the container, as well as to compliance with the rules for eco-sustainable packaging. Sustainable packaging must prevent the generation of waste and be designed to optimise storage and transport. It must be designed and manufactured according to a principle of recyclability and is primarily based on recycled materials. For SIPA, the design for container recycling includes everything: from the quantity of raw material required (which must be reduced as much as possible while maintaining the container's performance) to the type of label, cap, any additives to be added in order to increase the shelf-life or the composition of the different types of plastic, the dimensions of the container itself. Primary but also secondary packaging must be designed to be easily recyclable.

REDUCTION OF CONSUMPTION

With regard to the production cycle, SIPA pays maximum attention to producing items easily and efficiently using recycled materials, with solutions that promote safety, process consistency and longer life of the production plant. We are constantly committed to reducing the impact in every step of the production cycle, from weight reduction to saving energy and raw material. A key point is the reduction of machine consumption. Several solutions have been developed to reduce the consumption of energy during the plastification and injection of preforms, as well as in the phase of heating the preforms in ovens prior to blowing bottles. With regard to compressed air consumption, solutions for reducing consumption or re-use of compressed air have been developed.



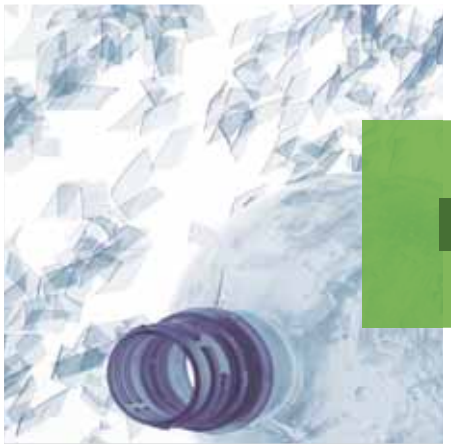
-79% CO_2

(CO_2 emission reduction using SIPA XTREME RENEW technology, comparing to Virgin PET)

CLOSING THE LOOP

SIPA is committed to design and manufacture machines for the production of containers that use 100% recycled PET, starting from PET granules with traditional technologies or bottle flakes washed in one production plant. The latter is a bottle-to-bottle circular economy system with major advantages: it uses fewer raw materials (-10%), saves more energy (-30%), reduces (-79%) CO2 emissions compared to the production of containers with virgin material, it has a low TCO - Total Cost of Ownership (-15%) and reduces logistics costs (-20%) compared to other traditional technologies.

SIPA's desire is to promote a shift towards circular economy, abandoning a linear system that no longer brings benefits.



OUR COMMITMENT TO STAKEHOLDERS

7

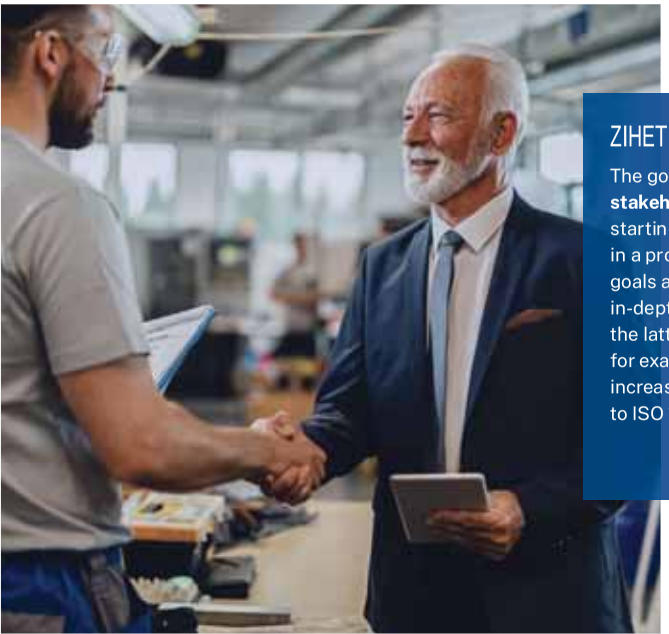
STAKEHOLDERS

Listening to and constant dialogue with all stakeholders is a strategic element for the Group: their involvement allows us to improve company performance and it facilitates the achievement of business objectives thanks to synergy and sharing of knowledge and resources. These are the main stakeholders of Zoppas industries group:

- Insurance
- Shareholders and Owners
- Banks
- Customers
- Local communities
- Employees
- Public Control Bodies
- Suppliers
- Supervisory Body 231
- Trade Unions
- Universities
- Media
- Associations of the sector

In order to be effective, however, involvement must be adapted to the specific interlocutor. Listed in the next page are some examples of the tools of communication used with different categories of stakeholders.

STAKEHOLDERS	COMMITMENT	GROWTH OPPORTUNITIES	DIALOGUE TOOLS
EMPLOYEES AND COLLABORATORS	The company is commi-ted toprotect jobs and develop initiatives to support safety, training, and corporate welfare.	Motivation and loyalty of personnel; increase in technical-management know-how in order to ensure increased skills; reduction of risks through high safety standards in the workplace.	Biennial survey of com-pany climate, preparation of totem and bulletin boards, company intranet, section dedicated to the site.
CLIENTS	Product quality, product sustainability, support services.	Improved communication with clients in order to in-crease their satisfaction.	Constant interaction with the sales force, customer satisfaction questionnai-res, feedback from the website.
TERRITORY AND COMMUNITY	Dialogue with the commu-nities and bodies.	Support and development of the territory.	Meetings with the local communities.
CONTRACTORS / SUPPLIERS	Development of com-mercial and economic relationships, as well as collaboration for a better joint development.	Consolidating the rela-tionship with suppliers and long-standing contractors and acqui-sition of new suppliers/ contractors by integrating historical criteria with sustainability-related policies to improve the overall performance of the value chain over the medium to long term.	Continuous communica-tion and involvement; de-finition of new selection and evaluation criteria, including due diligence.



ZIHET

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

SIPA

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

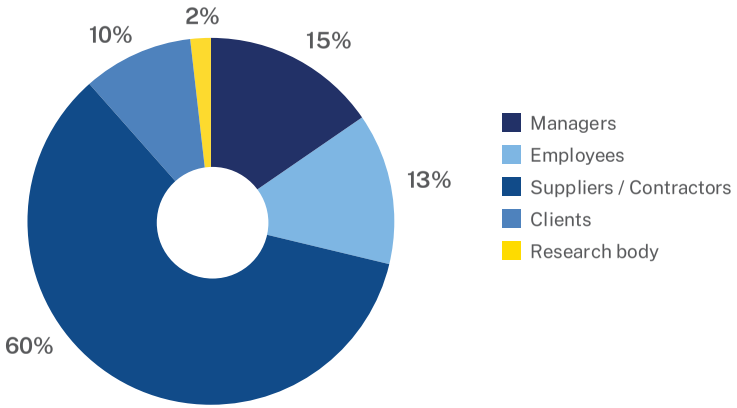
8 MATERIALITY

The involvement of stakeholders is intended to contribute to the definition of the Group's strategies, identifying the issues important for all stakeholders with which the Group is directly or indirectly related through the impact of its activities.

"Materiality" is the principle that determines which issues are most significant for stakeholders, so as to make it essential to report them in the Statement, and the matrix is their graphic representation. For the 2021 Statement, the Zoppas Industries Group has decided to redesign its materiality, focusing more on the topics involved in the investigation: the specificity of the issues is focused on the Group's activities, thus allowing reporting to be more precise and of greater impact.

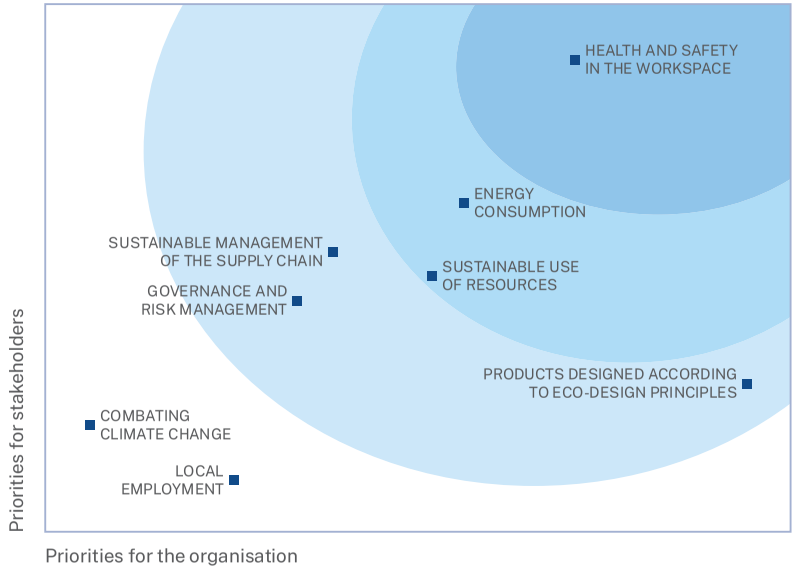
The result of the new materiality analysis has led to a greater number of stakeholders becoming involved compared to previous years, thanks to the focus on the activity (selection of relevant stakeholders, greater care in the proposed topics) and to an analysis not limited to the legitimate interests pursued by the Group, but extended to the generation of positive and negative impacts produced by business activities.
The stakeholder groups that actively participated in the collection of information are represented as follows:

Zoppas Industries Group Stakeholders (%)



The results of the consultation are represented in a dispersion chart, with the assessments of internal stakeholders (managers and employees) on the X-axis and external stakeholders (suppliers, contractors, customers and research institutions) on the Y-axis:

Materiality matrix of Zoppas Industries Group



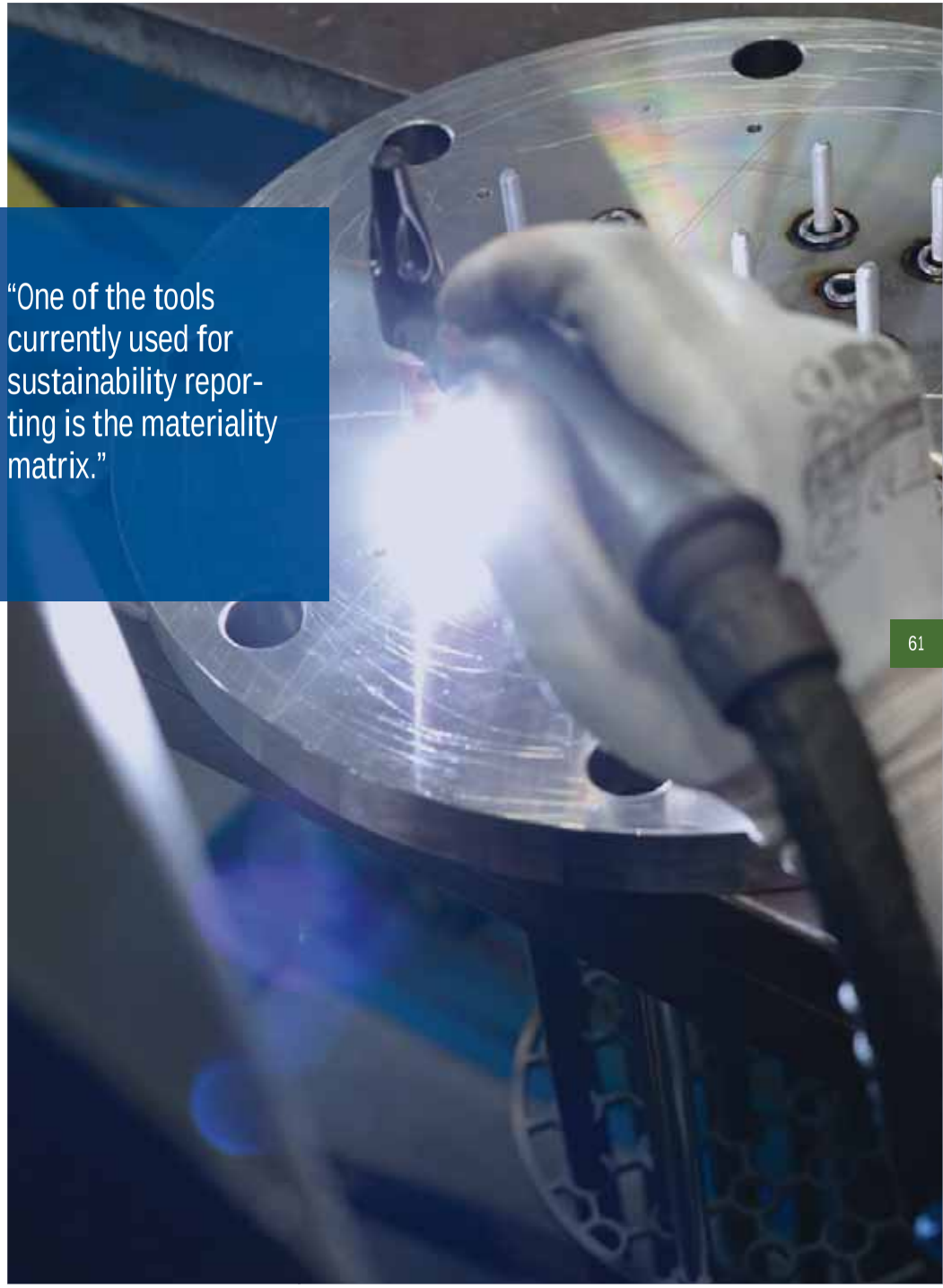
For the identification of material themes, priority has been given to those relevant to the organisation, as well as to external stakeholders, classified here according to which of the three ESG (Environment, Social and Governance) pillars they belong to.
Compared to previous years, there is more attention on environmental aspects (energy consumption, sustainable use of resources, climate change, adoption of eco-design logics). This change of interest reflects the processes in place within the Group in these years of transition and change, while not neglecting the protection of social rights and working conditions, risk management and local employment.

SOCIAL THEMES	GOVERNANCE THEMES	ENVIRONMENTAL THEMES
HEALTH AND SAFETY IN THE WORKPLACE	GOVERNANCE AND RISK MANAGEMENT	ENERGY CONSUMPTION
LOCAL EMPLOYMENT		SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN
		SUSTAINABLE USE OF THE RESOURCES
		COMBATING CLIMATE CHANGE
		PRODUCTS DESIGNED ACCORDING TO THE ECO-DESIGN PRINCIPLES

These topics will be addressed in detail in the next chapters, in order to give the interested parties a true representation of the ongoing evolution - with a view to coherent and transparent communication - and, above all, to provide clear indications on the development horizon: the projects, the objectives, the responsibilities, the metrics and the activities implemented to achieve them.

Relations with the SDGs

Since 2015, when more than 150 international leaders defined, at the United Nations, the 2030 Agenda for Sustainable Development to contribute to global development while paying attention to human well-being and environmental protection, the 17 objectives or goals (SDGs, Sustainable Development Goals) have become increasingly part of our lives. They are giving us a comprehensive framework on what the evolution of all the issues related to sustainable development with the 2030 horizon should be, as well as clear objectives (targets) that establish, for each class of stakeholders, what priorities and minimum thresholds must be ensured.
The Zoppas Industries Group, increasingly aware of its impact and potential for positive contribution to Sustainable Development, has chosen to adjust its activities to the United Nations Agenda, progressively integrating the principles of SDGs and ESG (Environmental, Social, Governance) issues into the business model.
The SGS to which Zoppas industries group contributes are explained at the beginning of each chapter. The reporting of activities is describes in this report.



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

9 GOVERNANCE

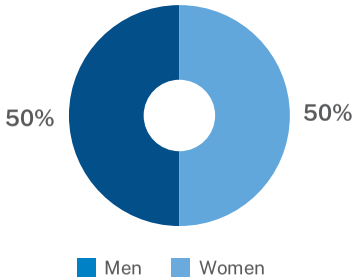
The Zoppas Industries Group uses a Traditional Governance Model. The managing bodies dealing with the management are:

- the Shareholders' Meeting;
- the Board of Directors;
- the Board of Statutory Auditors.

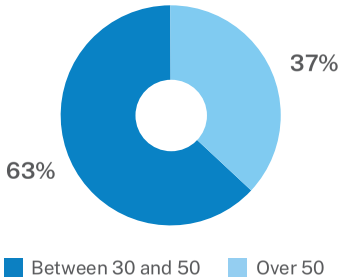
The Shareholders' Meeting selects the Directors who participate in the Board of Directors, controls the Board's activities and performs the roles that are assigned to it by law and the company's Articles of Association.

The Board of Directors is the administrative body with all powers of ordinary and extraordinary management of the Company. The Board of Directors has the power to define and follow up the activities necessary to achieve corporate objectives. The Board of Statutory Auditors monitors compliance with the law and the Articles of Association, compliance with the principles of proper administration and the adequacy of the company's organisational, administrative and accounting structure. The Chairman and/or Chief Executive Officer represents the company - within the limits of the power granted by that role.
The composition of the Group's Board of Directors is as follows:

Breakdown of the BoD by gender



CdA composition by age



In order to prevent and manage the risk associated with offences/crimes, the Zoppas Industries Group has adopted an Organisational, Management and Control Model in compliance with the requirements of Legislative Decree no. 231/2001. The model is valid and has been implemented for the Italian offices, ZIHET Italia and SIPA, but the model's main procedures have also been extended to all foreign branches. In 2021, the Organisational, Management and Control Model was reviewed, providing for the expansion of the relevant legislation, specifically in relation to tax offences, by implementing a system for the control and evaluation of tax risk.

Since 1990, the Zoppas Industries Group has implemented and certified a quality management system in accordance with the ISO 9001:2015 standard, while complying with the various deadlines for regulatory updates at all company locations. To date, in addition to extending the scope of its environmental management systems to the offices of Zoppas Industries Italia, China and Romania, ZIHET has introduced an energy management system in Italy in accordance with the ISO 50001:2018 standard. It is also continuing to implement specific certifications linked to key sectors for which it manufactures components, such as aerospace, railways and automotive.

With a view to improving the management of environmental themes, in 2021 SIPA embarked on a path that will lead it to the certification of its internal management system being compliant with the ISO 14001:2015 standard in mid 2022. The diagram in the next page summarises all the certifications obtained to date by the Group.

The Zoppas Industries Group, in its SIPA and ZIHET organisations, has also adopted a Code of Ethics pursuant to Legislative Decree no. 231/2001, extended to sustainability themes to help people and the environment. According to formal procedures, the Group requires all staff, employees and anyone representing it to commit to acting responsibly in accordance with the Code of Ethics.

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

Lean System

The Zoppas Industries Group has implemented a Lean System to optimise internal management, in order to increase the company-generated value by minimising waste, in a process of continuous improvement, which is possible by constantly and meticulously monitoring performance in all the organisation's operational and administrative phases through specific KPIs.

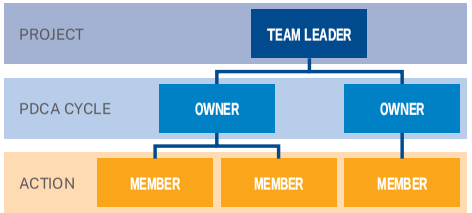
In the implementation of the Lean methodology, the Group has adopted a scientific approach which includes the 4 phases that characterise management systems:

- Planning;
- Execution;
- Control;
- Standardisation.

The waste management process begins with the identification of waste and related causes, followed by the identification of the solutions and the implementation of corrective measures.

A cornerstone of the Zoppas Industries Lean management system is constant dialogue with its employees, aimed at optimising the working environment and increasing the sharing of feedback among the various organisation nodes. The Group, through both top-down (commitment, mission, vision) and bottom-up (proactivity, accountability, initiative) communication and team building methods creates the conditions for involving its employees more closely and guiding them to the common objective of improving company performance. In order to identify the critical issues of the processes on which to intervene, staff members are divided into well-structured and coordinated teams which regularly attend training courses and courses on other engagement techniques (team game, team experience, wellbeing team). All teams, as outlined in the chart, are made up of a team leader, owners and members:

- Team leaders are tasked with managing the projects by setting clear and measurable goals and their KPIs,
- Owners are responsible for a single improvement activity,
- Members cooperate in carrying out the individual stages of the improvement process.



The Lean System goes beyond the concept of Lean Production: it is a sustainable and profitable business model focused on the medium to long term, based on skills and soft-skills transversal to all members of the organisation and oriented towards systemic improvement.

The sustainability committee

Over the years, the Zoppas Industries Group has progressively integrated into its Business Model "Environmental, Social, Governance" (ESG) categories and the principles of the Sustainable Development Goals (SDGs) of the United Nationswith the 2030 horizon.
In 2019, the Group introduced the "Sustainability Project" and its guidelines in order to explicitly define how each individual business function must contribute to the development of the programme.
The sustainability governance of the Zoppas Industries Group is handled by the Sustainability Committees of ZIHET and SIPA. The two committees report directly to the Board of Directors, which, in response to the issues raised by the two committees, coordinates priorities according to company policies and strategies. The two committees - chaired by the Board of Directors - include company cross-sectional functions, representatives of the various business areas, and are responsible for managing sustainability processes. The projects coordinated by the Committees include, for environmental aspects: optimisation of transport and logistics, eco-design, sustainable procurement, quality, machinery and technology, energy use, water use, waste disposal, climate-changing emissions, energy and environmental management systems.
With regard to CSR management, which includes interactions with the social-economic context, the projects include cooperation with schools, universities and other external bodies.
The Group's organisational structure for sustainability is shown below:

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

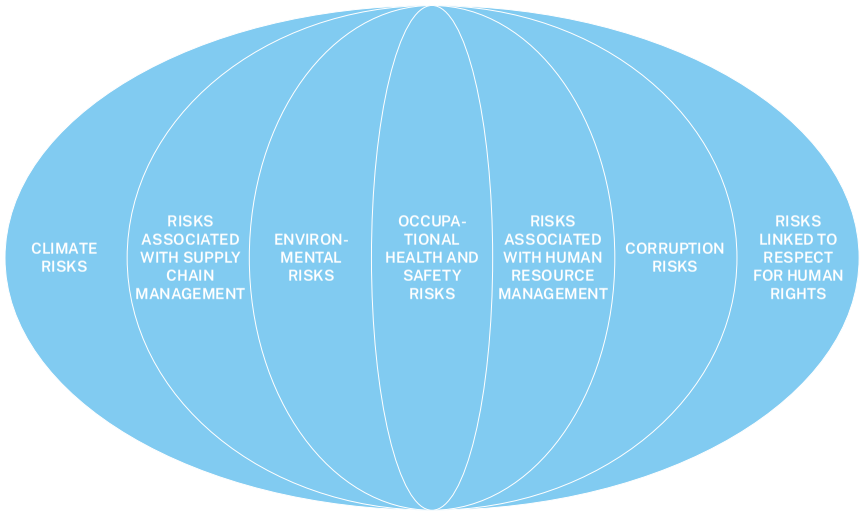
GROUP ZIHET SIPA

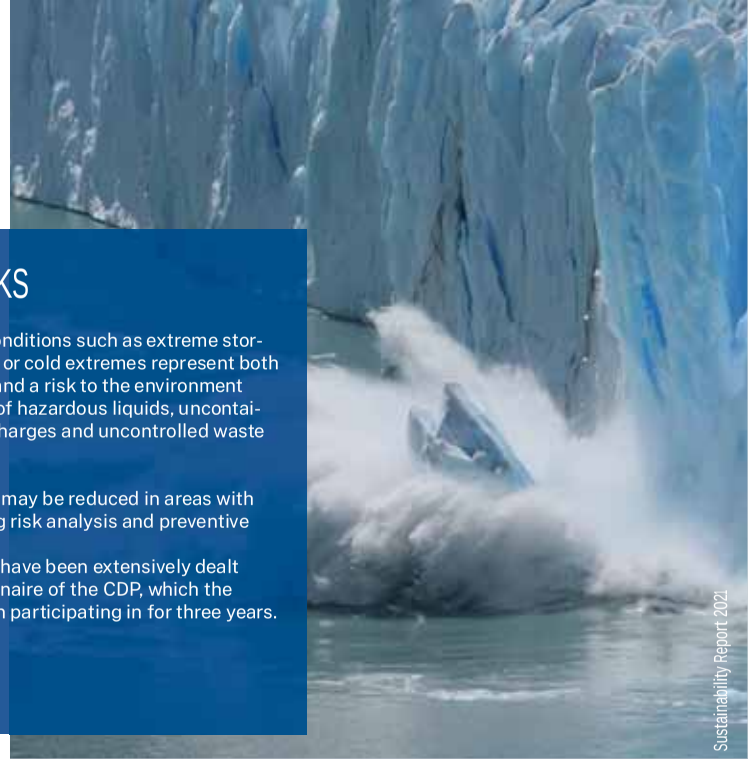
Risk Management

The Group's internal governance system is designed to achieve its corporate objectives effectively and in accordance with the principles of lawfulness, transparency and traceability through the efficient definition of the internal control and risk management system. Through the risk management process and the application of the precautionary principle, the Group has put in place processes and systems to identify the risks that affect its business activity and to estimate their impact, with the aim of developing governance strategies that consider these variables.

The objective is to identify, estimate and classify the various types of risk into suitable categories, in order to facilitate the company's decision-making process. However, in addition to the factors strictly linked to business, the Zoppas Industries Group considers sustainability issues to be of strategic importance and has therefore decided to integrate ESG risks into the risk management process. These variables are transversal across all risk categories and, if properly managed, can guarantee very considerable benefits in the long term.

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





CLIMATE RISKS

Extreme weather conditions such as extreme storms, floods and heat or cold extremes represent both a risk to the Group and a risk to the environment in terms of spilling of hazardous liquids, uncontained emissions, discharges and uncontrolled waste dispersion.

Damage and losses may be reduced in areas with greater risk by using risk analysis and preventive measures.
These climate risks have been extensively dealt with in the questionnaire of the CDP, which the Group has now been participating in for three years.

RISKS ASSOCIATED WITH SUPPLY CHAIN MANAGEMENT

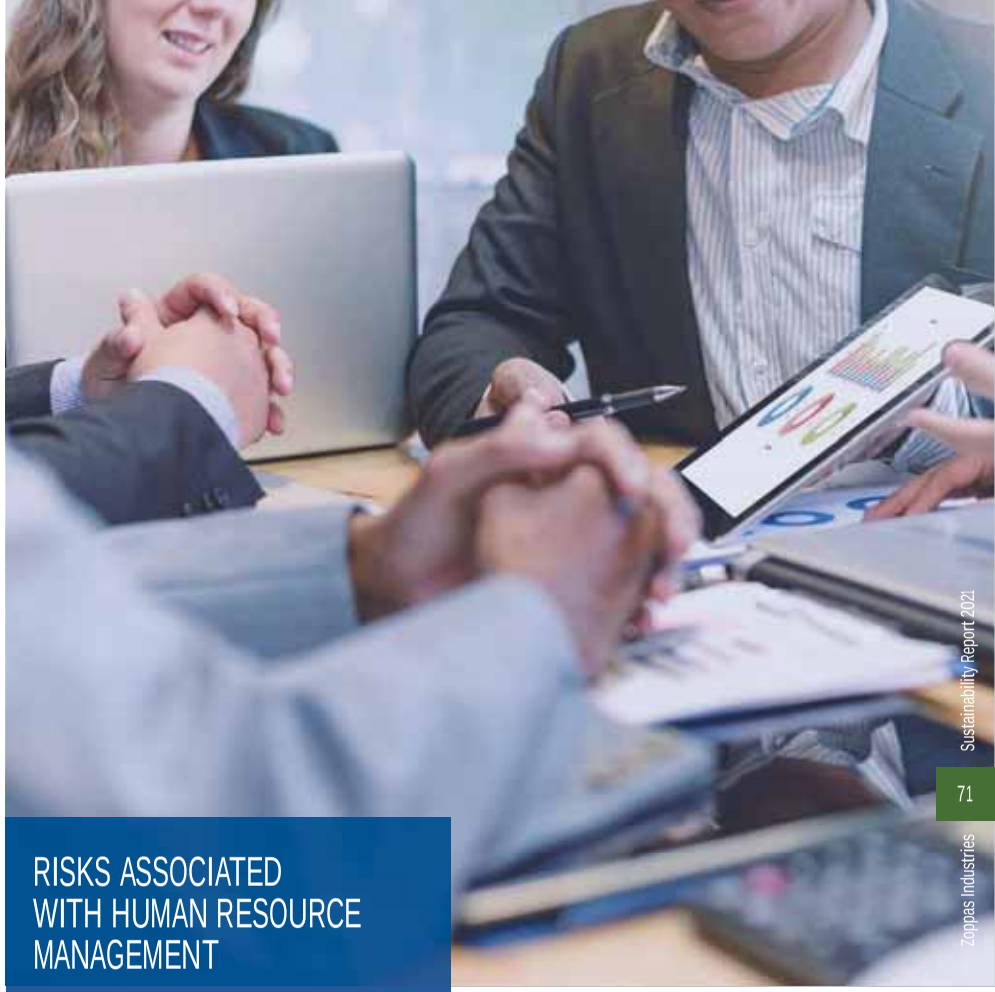
Most of the basic components in the products sold by the Group come from a vast network of suppliers in Europe and worldwide. Suppliers may indirectly damage the reputation of the Group if they do not comply with the internationally agreed principles of human rights, working conditions, environmental protection, ethical business conduct and/or social responsibility, or if they fail to comply with national legislation in these and other sectors.
The Group assesses suppliers considering their principles, quality requirements and their capacity and delivery times. All suppliers who come into contact with the Group are also required to sign the Code of Ethics. For 2022, the Group also aims to implement second-party audits on critical suppliers, particularly on environmental issues. Disruptions in the distribution chain may have negative impacts on customers; higher transport volumes mean more carbon dioxide emissions. With a view to optimising transport and logistics, the group is investing heavily on milk-run suppliers and strategies to optimise transport loads.

ENVIRONMENTAL RISKS

Certain activities and products used in Zoppas Industries Group plants involve a risk of damage to the environment: these risks are reduced to a minimum by means of procedures in compliance with ISO 14001:2015 certification (where this is present). In non ISO 14001:2015 certified plants, the integration of specific procedures to manage environmental impact and regulatory aspects linked to the environment are under way.

OCCUPATIONAL HEALTH AND SAFETY RISKS

Inadequate health and safety conditions in the workplace can cause accidents (including serious accidents) and severe production interruptions.
The Group carries out systematic health and safety monitoring, analysing site-specific risks related to activities, materials and machines.
In recent years, personnel training has focused on detecting near-misses and on in-depth investigations into the causes of workplace accidents.
A secure working 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 enhance human capital. Poor management of internal staff has direct consequences on product quality and is reflected on the business. In recent years, the Group has invested heavily in human resources, especially in terms of career plans for new hires.

CORRUPTION RISKS

Corruption can result in high costs and litigation for a company and can, on a more general level, reduce the confidence customers and stakeholders have in the business. All Group employees at risk of exposure to corruption follow a highly structured anti-corruption training.
The Group has also adopted an internal whistleblowing procedure for reporting offences.
Anti-corruption clauses are countersigned by trade partners.

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. Differences in culture and operating procedures between the Zoppas Industries Group and its trading 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. Zoppas Industries Group is a member of SEDEX, one of the world's largest platforms used by buyers, suppliers and auditors to store, share and disseminate information quickly and easily. The platform is used by more than 43,000 members in over 150 countries to monitor their performance in terms of workers' rights, health and safety, environment and ethics along the global supply chain. This adhesion demonstrates the commitment to ensuring the dissemination of guidelines for compliance with ethical and responsible commercial practices in global supply chains.

Climate change and risk management approach

The Zoppas Industries Group is aware of the strategic importance of assessing and managing the risks caused by climate change in order to achieve economic stability and a long-term competitive advantage. Since 2019, ZIHET - from the Italian headquarters - has been included in the Carbon Disclosure Project (CDP), the global dissemination system for managing the impacts associated with climate change. The same framework for assessing climate risks, structured on the TCFD international guidelines, has been extended to the entire Group in the meantime and assigned to the Sustainability Committee.
The Group, through inputs from the HSE department, the CFO and Sales Managers, and a periodic evaluation report, identified a number of climate risks to be managed and monitored. Priority is given to the 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. The identified and monitored risks with this potential impact are those that trigger corrective actions and resources to mitigate or offset their negative effects.
Climate risks are therefore assessed in the same way as other types of risk, considering their significance in terms of substantial impacts: the risk index is calculated taking into account the probability of occurrence (P) and the severity of the impact (G).
The risk categories identified by the Sustainability Committee are as follows:

RISK CATEGORY	DESCRIPTION
REGULATORY	Compliance with strict EU regulations exposes the Group to the risk of a loss of competitiveness on an international scale against competitors who are not subject to similar regulations. The evolution of the market is constantly monitored and is included in the risk management process that involves provisions for risks and expenses which reflect the best possible estimate based on available information.
EMERGING REGULATION	The Group operates in sectors where continuous monitoring of regulatory and legislative developments is essential, as well as a rapid adjustment to them, under penalty of exit from the market.
TECHNOLOGY	The Group constantly invests in research and development focusing mainly on the advanced technology sectors related to personal medical devices, personal care and mobility. The Group holds over 280 patents in the heating elements sector. In recent years, this has allowed the product portfolio to be extended to application sectors historically unrelated to the Group's technologies.
LEGAL	Pursuant to Legislative Decree 231/2001, an Organisational Model has been established. It is controlled by an external and autonomous body (Supervisory Body) that allows the Group to minimise (if not eliminate) the risk of committing crimes connected with a series of general and specific cases.

RISK CATEGORY	DESCRIPTION
MARKET	One aspect of the risk management activity involved the development of new production processes aimed at rationalising product platforms in the consolidated businesses of the domestic and professional sector, to reduce their complexity and accelerate the management of production facilities, in order to improve internal efficiency and the execution of the service to the market. The verticalization of the assembly process and the development of modal platforms is essential for the reduction of the lead time to market, it increases flexibility in managing product changes and improves the profitability of the line of electronic thermoregulation systems. The Group increasingly carries out design and development of specific heating systems following the input of customers who often participate in the cost of the required development activities.
LINKED TO REPUTATION	The results of the Materiality Analysis conducted as part of the 2021 Sustainability Report, in accordance with international standards (GRI), revealed the critical issues of a significant stakeholder sample. A proactive approach to managing material topics improves relations with stakeholders and prevents reputational risks.
EXTREME EVENTS	Although there have not yet been significant impacts related to extreme weather events in the period of company existence (the last 60 years), there is an increased risk associated with the intensification of phenomena such as flash floods, which have affected sites since 2014. Both in terms of potential infrastructure destruction and loss of lives, these events - according to the scenarios of authoritative international agencies - should not create damage that cannot be resolved over a period of weeks[3]. Similar investigations are also being carried out in non-European sites. However, the Group has protected itself through insurance covering extreme weather events. Internal procedures are currently subject to a specific review to incorporate the systematic assessment of the possible impact of climate change on current and future projects.
GRADUAL CLIMATE CHANGE	The following risks are assessed by the Sustainability Committee and are monitored through specific KPIs in risk management and prevention plans: • The slow change in physical parameters due to climate change could affect the long-term strength of infrastructure or the surrounding environment and increase some consumption needs, such as energy and water for cooling plants and processes during hot periods. • Water consumption: a specific product/technology evaluation is in progress to identify waste and evaluate possible reductions in consumption. The various areas of competence have a relatively high availability of water and underground water resources are not a problem.

[3] For example: https://www.eea.europa.eu/data-andmaps/indicators/river-floods-3/assessment

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

PEOPLE, THE ENGINE OF THE FUTURE

STAFF

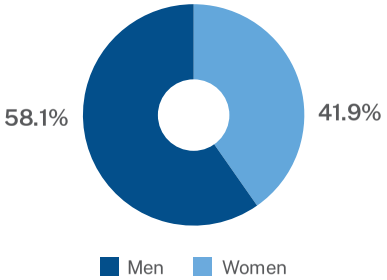
The Zoppas Industries Group complies with principles, commitments and ethical responsibilities in conducting business and corporate activities and in relations with all employees. As reported by their Codes of Ethics, the two companies, united under the same values, their employees, as well as suppliers, customers and people who work with the Group, are bound by the principles of lawfulness, loyalty and fairness.

The Zoppas Industries Group constantly monitors compliance with its corporate values in order to maintain high levels of well-being, promoting a balance between working and personal life. Respect for the person, which extends to all aspects (not only work-related), is a priority for the Group, which through its activities contributes to enhancing the following Sustainable Development Goals related to the social sphere:

In support of the principles mentioned in the Code of Ethics, the selection of personnel is carried out exclusively on the basis of the candidates' professional skills and abilities, without any discrimination in the selection, recruitment, grading, training and promotion phases until the termination of the employment relationship.

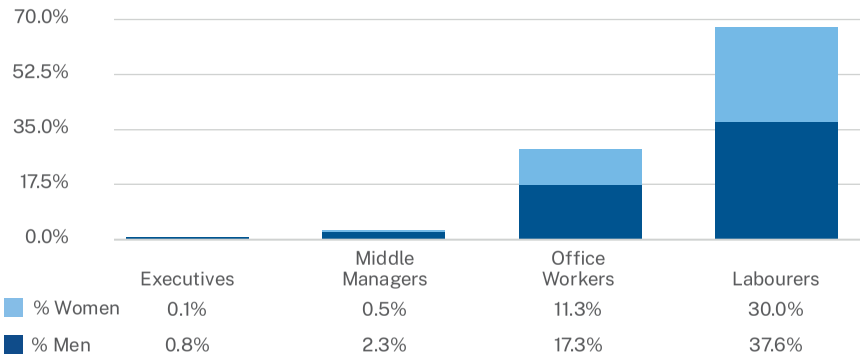
Gender equality and female empowerment is promoted: in the Group, the proportion of women employed is over 40%.

ZOPPAS INDUSTRIES GROUP
Employees by gender (%) - Year 2021

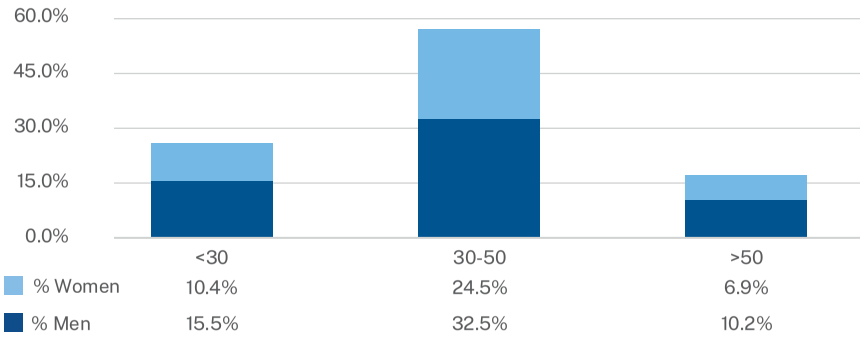


The graphs below represent the distribution of staff by company category and by age group. The data show that gender equality is balanced in both distributions.

ZOPPAS INDUSTRIES GROUP employees by professional category, gender and age group (%) - Year 2021

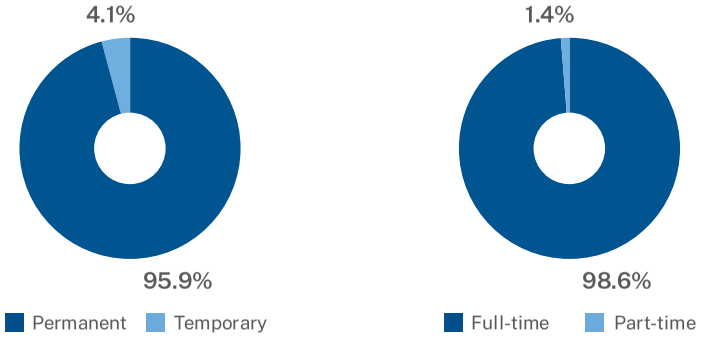


ZOPPAS INDUSTRIES GROUP employees by gender (%) - Year 2021



In order to guarantee equal opportunities for both sexes, the Group favours work-life balance initiatives, for example by allowing to work part-time when requested.
The Zoppas Industries Group also promotes job stability, which is important for both the Group and its employees, encouraging permanent employment (98.6%).

ZOPPAS INDUSTRIES GROUP employees by by type of contract (%) - Year 2021



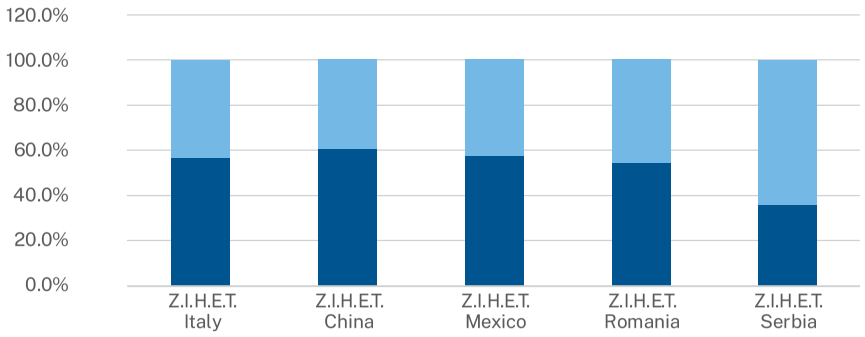
The tables in the next pages show the statistics on employee contract characteristics, divided between the two companies, according to geographical area, age, gender, part-time and full-time work.

ZIHET

Human resources are managed without preclusion or discrimination based on gender, race, nationality or religion, as well as in compliance with the law, employment contracts and the Code of Ethics. The commitment of the company is also to create a dynamic and productive working climate that meets the needs of every employee.

ZIHET												
	<30			30-50			>50			TOTAL		
KPI	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	0.0%	0.0%	**0.0%**	0.4%	0.1%	**0.6%**	0.2%	0.0%	**0.2%**	**0.6%**	**0.1%**	**0.8%**
MIDDLE MANAGERS	0.0%	0.0%	**0.0%**	1.3%	0.4%	**1.7%**	0.5%	0.1%	**0.7%**	**1.9%**	**0.5%**	**2.4%**
OFFICE WORKERS	3.6%	2.5%	**6.1%**	9.0%	7.6%	**16.6%**	2.3%	1.2%	**3.5%**	**14.9%**	**11.2%**	**26.2%**
LABOURERS	12.6%	8.9%	**21.6%**	19.9%	18.2%	**38.1%**	5.0%	5.9%	**10.9%**	**37.6%**	**33.1%**	**70.6%**
TOTAL	**16.2%**	**11.4%**	**27.7%**	**30.7%**	**26.3%**	**57.0%**	**8.1%**	**7.3%**	**15.3%**	**55.0%**	**45.0%**	**100.0%**

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



	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
% Women	42.9%	39.3%	42.5%	45.5%	63.7%
% Men	57.1%	60.7%	57.5%	54.5%	36.3%

EMPLOYEES BY TYPE OF CONTRACT AND GEOGRAPHICAL AREA IN 2021					
TYPE OF CONTRACT	ZIHET Italy	ZIHET China	ZIHET Mexico	ZIHET Romania	ZIHET Serbia
PERMANENT EMPLOYMENT CONTRACT	99.3%	77.8%	100.0%	100.0%	91.2%
TEMPORARY EMPLOYMENT CONTRACT	0.7%	22.2%	0.0%	0.0%	8.8%

EMPLOYEES BY TYPE OF CONTRACT AND GENDER IN 2021			
TYPE OF CONTRACT	MEN	WOMEN	TOTAL
PERMANENT EMPLOYMENT CONTRACT	52.5%	43.1%	**98.9%**
TEMPORARY EMPLOYMENT CONTRACT	2.5%	1.9%	**1.1%**
TOTAL	**55.5%**	**45.0%**	**100.0%**

EMPLOYEES BY TYPE OF CONTRACT AND GENDER IN 2021			
TYPE OF CONTRACT	MEN	WOMEN	TOTAL
FULL-TIME	54.9%	44.0%	**98.9%**
PART-TIME	0.1%	1.0%	**1.1%**
TOTAL	**55.0%**	**45.0%**	**100.0%**

EMPLOYEES BY PROFESSIONAL CATEGORY, GENDER AND AGE GROUP IN 2021						
COMPANY CATEGORIES	MEN			WOMEN		
	<30	30-50	>50	<30	30-50	>50
EXECUTIVES	0.00%	0.43%	0.22%	0.00%	0.12%	0.03%
MIDDLE MANAGERS	0.04%	1.33%	0.51%	0.00%	0.39%	0.15%
OFFICE WORKERS	3.58%	9.02%	2.31%	2.49%	7.56%	1.20%
LABOURERS	12.61%	19.90%	5.05%	8.95%	18.25%	5.88%

SIPA

SIPA													
		<30			30-50			>50			TOTAL		
KPI	M.U.	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	n.	0.0%	0.0%	**0.0%**	1.4%	0.0%	**1.4%**	4.2%	0.0%	**4.2%**	**2.2%**	**0.0%**	**2.2%**
MIDDLE MANAGERS	n.	0.0%	0.0%	**0.0%**	4.4%	0.2%	**4.6%**	12.5%	0.4%	**12.9%**	**6.8%**	**0.3%**	**7.0%**
OFFICE WORKERS	n.	32.9%	8.6%	**41.4%**	44.6%	12.2%	**56.8%**	36.9%	10.6%	**47.5%**	**40.9%**	**11.3%**	**52.2%**
LABOURERS	n.	58.6%	0.0%	**58.6%**	37.2%	0.0%	**37.2%**	35.4%	0.0%	**35.4%**	**38.5%**	**0.0%**	**38.5%**
TOTAL	n.	**91.4%**	**8.6%**	**100.0%**	**87.6%**	**12.4%**	**100.0%**	**89.0%**	**11.0%**	**100.0%**	**88.4%**	**11.6%**	**100.0%**

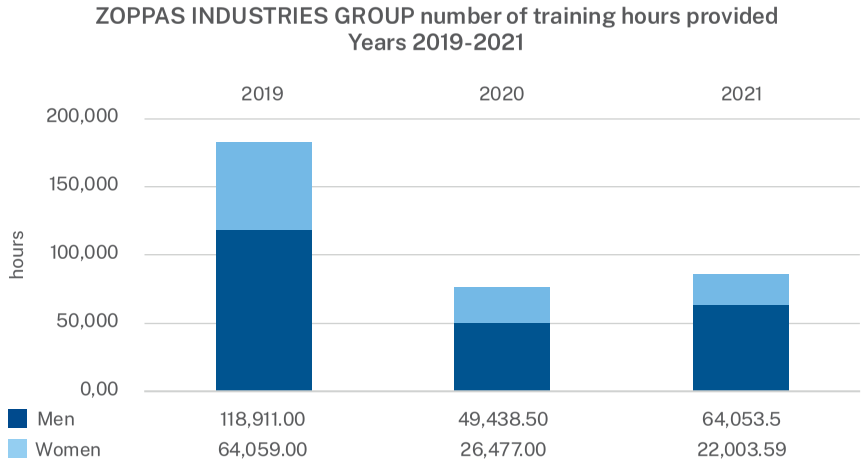
SIPA promotes a productive and dynamic working environment in accordance with the needs of its employees, and is committed to promoting optimal working conditions.
A large number of SIPA staff are factory workers, which skews the gender rates of employees. There are more permanent than short-term contracts, with full-time involvement to ensure the stability of the company and its staff.

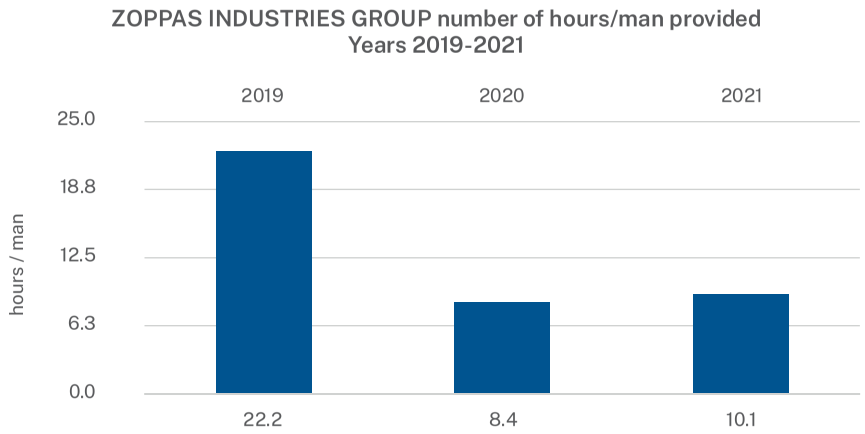
EMPLOYEES BY TYPE OF CONTRACT AND GENDER IN 2021			
TYPE OF CONTRACT	MEN	WOMEN	TOTAL
PERMANENT EMPLOYMENT CONTRACT	87.1%	11.5%	**98.6%**
TEMPORARY EMPLOYMENT CONTRACT	1.3%	1.0%	**1.4%**
TOTAL	**88.4%**	**11.6%**	**100.0%**

EMPLOYEES BY TYPE OF CONTRACT AND GENDER IN 2021			
TYPE OF CONTRACT	MEN	WOMEN	TOTAL
FULL TIME	87.4%	8.5%	**95.8%**
PART-TIME	1.0%	3.1%	**4.2%**
TOTAL	**88.4%**	**11.6%**	**100.0%**

Staff training

The Group ensures that its employees are properly trained, enhancing the skills, attitudes and knowledge of each resource. Training in the last three years has slowed down because of COVID-19, which has changed training from being face-to-face to online platforms.





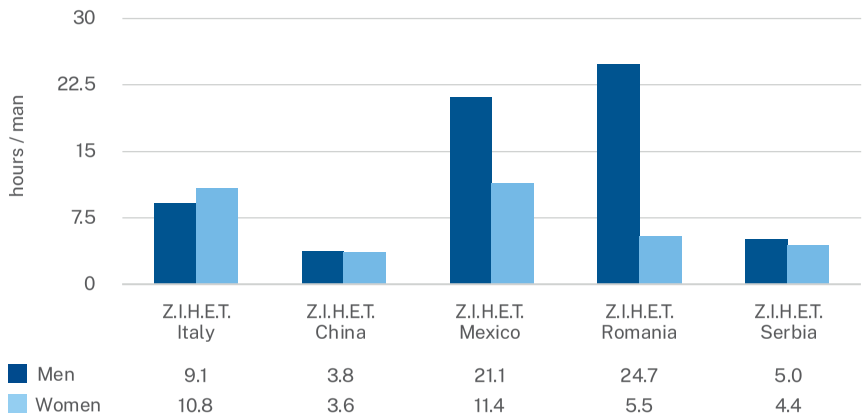
ZIHET

ZIHET believes that employee training is a key factor in expanding the company's know-how and the growth of people. If people are the foundations of the Group, skills are their nourishment. The acquisition of ever-greater skills and knowledge enables employees to play their role in the way that is most profitable for themselves and the Group.
The total number of hours of training provided by ZIHET in 2021, in all the Group's premises, was 83,916, a 15.4% increase compared to 2020.

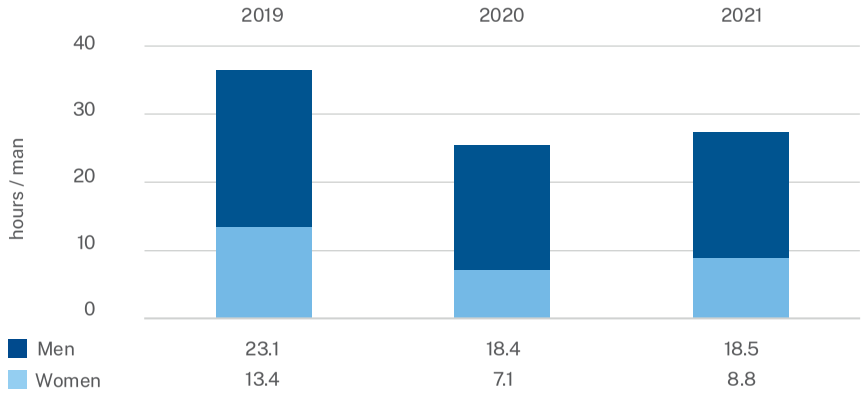
HOURS OF TRAINING BY PROFESSIONAL CATEGORY - ZIHET 2021				
PROFESSIONAL CATEGORY	Unit of measurement	MEN	WOMEN	TOTAL
EXECUTIVES	h	273.5	75.0	**348.5**
MIDDLE MANAGERS	h	1,853.0	523.0	**2,376.0**
OFFICE WORKERS	h	18,631.0	2,691.1	**21,322.1**
LABOURERS	h	41,263.0	18,606.5	**59,869.5**
TOTAL	**h**	**62,020.5**	**21,895.6**	**83,916.1**

NUMBER OF EMPLOYEES INVOLVED IN TRAINING - ZIHET 2021				
PROFESSIONAL CATEGORY	Unit of measurement	MEN	WOMEN	TOTAL
EXECUTIVES	n	38	6	**44**
MIDDLE MANAGERS	n	141	55	**196**
OFFICE WORKERS	n	890	363	**1,253**
LABOURERS	n	2,276	2,072	**4,348**
TOTALE	**n**	**3,345**	**2,496**	**5,841**

ZIHET number of hours/man of training provided by plant - Year 2021



ZIHET employees hours/man of training Year 2019-2021

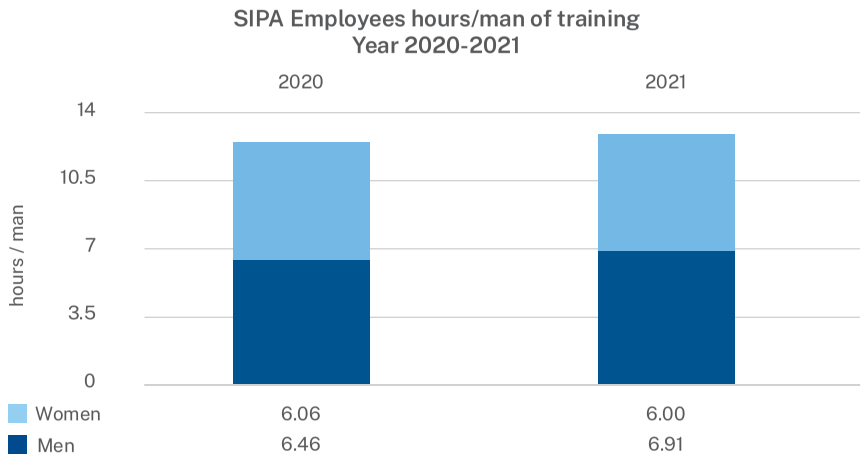


SIPA

SIPA pays great attention to human capital, viewing it as the main asset for business development. Respect and protection of workers' rights are always guaranteed, with the aim of continuously improving working and personal conditions thanks to a constant constructive dialogue.
In the wake of the project launched in 2018, the training plan for 2021 was also designed to promote lifelong learning.
In 2021, the strict social distancing rules linked to the pandemic affected the normal progress of the annual training plan. The statistics of that plan are shown in the tables below:

HOURS OF TRAINING BY PROFESSIONAL CATEGORY - SIPA 2021				
PROFESSIONAL CATEGORY	Unit of measurement	MEN	WOMEN	TOTAL
EXECUTIVES	h	15	0	**15**
MIDDLE MANAGERS	h	78	0	**78**
OFFICE WORKERS	h	670	108	**778**
LABOURERS	h	1,270	0	**1,270**
TOTAL	**h**	**2,033**	**108**	**2,141**

TRAINING MAN/HOURS (number of hours/persons attending training events) SIPA 2021				
PROFESSIONAL CATEGORY	Unit of measurement	MEN	WOMEN	TOTAL
EXECUTIVES	h	5	0	**5**
MIDDLE MANAGERS	h	13	0	**13**
OFFICE WORKERS	h	8.9	6	**8.37**
LABOURERS	h	6	0	**6.5**
TOTAL	**h**	**6.91**	**6**	**6.86**



SIPA believes in young people. Relations with schools and universities are continuous and constant and aim to bring students closer to the company through the implementation of projects that promote, on the one hand, their curiosity and technical learning, and, on the other hand, the faster and more profitable integration of new staff. Despite the lack of participation in university career days due to the Covid emergency, SIPA still experienced a solid and fruitful collaboration with local schools in 2021, in order to continue, with far-sighted and constant progress, the Transversal Skills and Orienting Projects (formerly Alternanza Scuola Lavoro [School-work placement] projects).

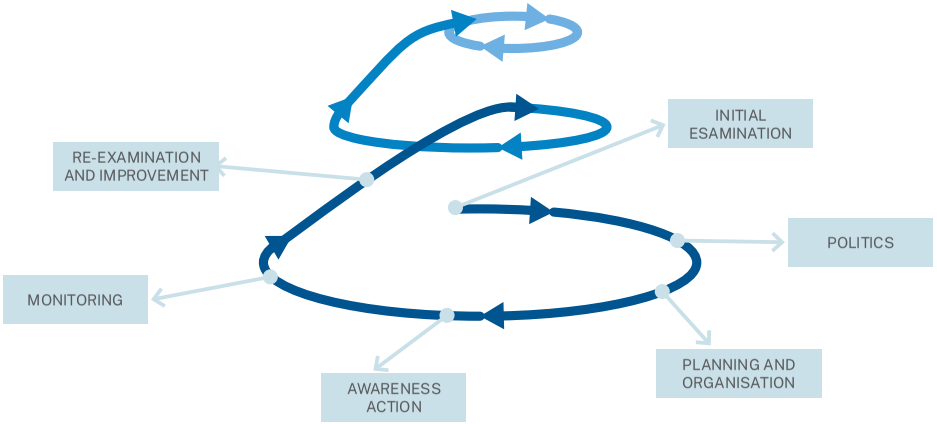
Health and safety of workers

The Zoppas Industries Group is committed to promoting safety at work, protecting the environment and the well-being of individuals on a daily basis.
The protection of all employees is guaranteed by adopting policies for continuously monitoring the H&S conditions of the workplace, and through prevention policies.
Data analysis uses two indices, severity and frequency, calculated as follows:

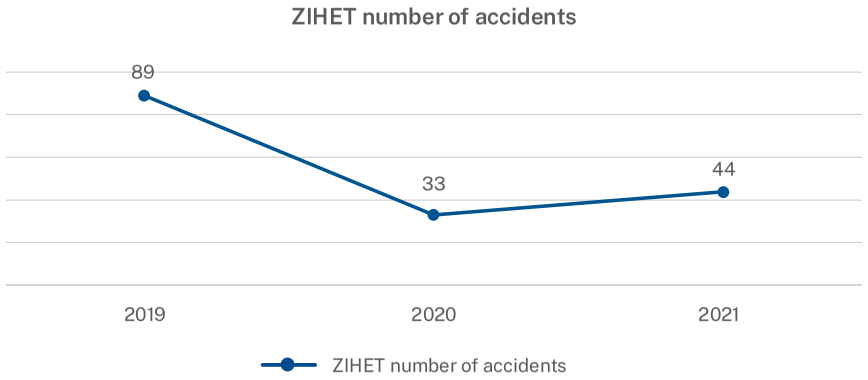
FREQUENCY INDEX
FREQUENCY INDEX = NO. OF ACCIDENTS X 1,000,000 / NO. OF HOURS WORKE
SEVERITY INDEX
SEVERITY INDEX = TOTAL NO. DAYS OF INJURY X 1,000 / NO. OF HOURS WORKED

ZIHET

In order to improve the management of health and safety aspects in the workplace, ZIHET has implemented a management system in accordance with the Uni-Inail guidelines in its Italian site.
Inail guidelines are a guideline document for the design, implementation
and execution of occupational health and safety management systems; they are not intended for certification (or use for the purposes of supervision by institutional bodies).

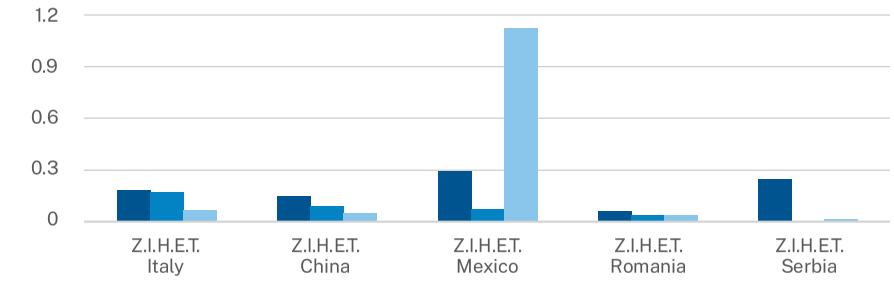


With regard to ZIHET China, the group passed the third level of certification of the production safety standard. This standard is based on various aspects, the main ones being: objectives, education and training, equipment management, safety risk control, investigation and treatment of hidden hazardous situations, occupational health management, emergency management, accident management and continuous improvement.
With regard to the other plants, the Group is implementing specific procedures in order to improve the management of health and safety in the workplace, such as the procedure related to the reporting by all workers of possible dangers that can lead to the generation of accidents (near-miss reporting). The report is submitted by employees through their supervisor using a specially prepared form.
During the periodic meetings of the Officers in charge, the importance of the management of "near miss" reports is stressed, encouraging sending them to the SPP (Prevention and Protection Service).



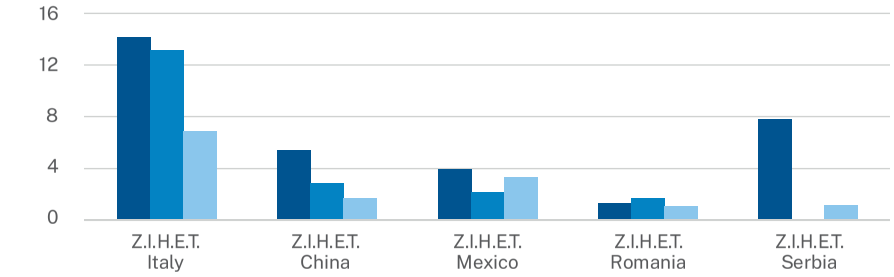
In 2021, the number of accidents increased compared to the previous year. This figure is directly related to the fact that working hours increased, while 2020 was characterised by work slowing down due to lockdown and many hours of smart working.
If pre-pandemic data are considered, the number of accidents in absolute value has decreased by more than half, in terms of the severity index and frequency index, as shown in the following graphs: the latter are all decreasing, the only exceptions are in the Mexican and Serbian site.

ZIHET Accident severity index by plant years 2019/2020/2021



	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
2019	0.18	0.15	0.29	0.06	0.25
2020	0.17	0.09	0.07	0.04	0.00
2021	0.06	0.05	1.13	0.03	0.01

ZIHET Accident frequency index by plant years 2019/2020/2021



	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
2019	14.1	5.29	3.92	1.25	7.78
2020	13.2	2.79	2.11	1.69	0.00
2021	6.81	1.64	3.29	1.05	1.13

In the examination of accidents occurring in 2021, a serious accident in Mexico is highlighted. The event was determined by a number of concomitant factors that the Organisation has taken care of, as the company is constantly committed to ensuring these events do not happen, nor occur in any part of the world.
What happened was an important prompt to manage health and safety in the workplace, even where good practices are not fully supported by strict laws.

ZIHET ROMANIA: COVID-19 DONATIONS

In 2021 the Romanian headquarters of ZIHET donated to the Sânnicolau Mare hospital for Covid-19 testing and medical equipment, demonstrating continuous commitment.

The preventive medical care for its employees, their families and the local community offered by ZIHET Romania shows the interest and will of the Zoppas Industries Group to highlight how important its employees' health is compared to the company's customer service. Only in a healthy and secure company it is possible to maintain the high quality standards of the products that Zoppas Industries customers are used to.

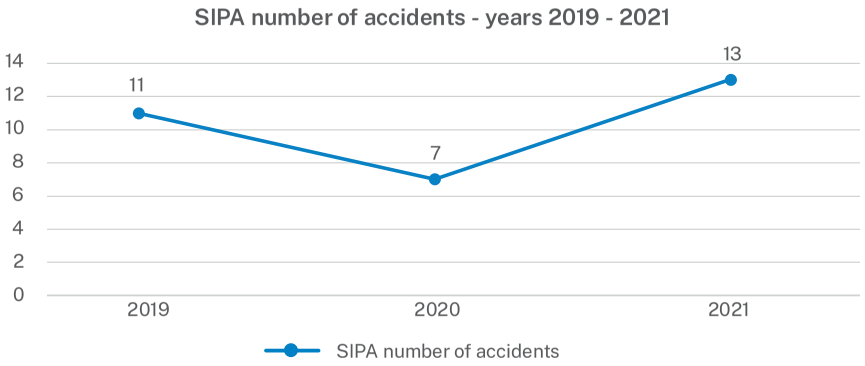
SIPA

SIPA strives to create and maintain a working environment that ensures the physical protection of employees, by complying with the current legislation on safety and risks in the workplace. To this end, SIPA constantly monitors the safety of the workplace and the salubrious nature of the working environment, taking all appropriate technical and organisational action that may be necessary in order to guarantee the best working conditions.

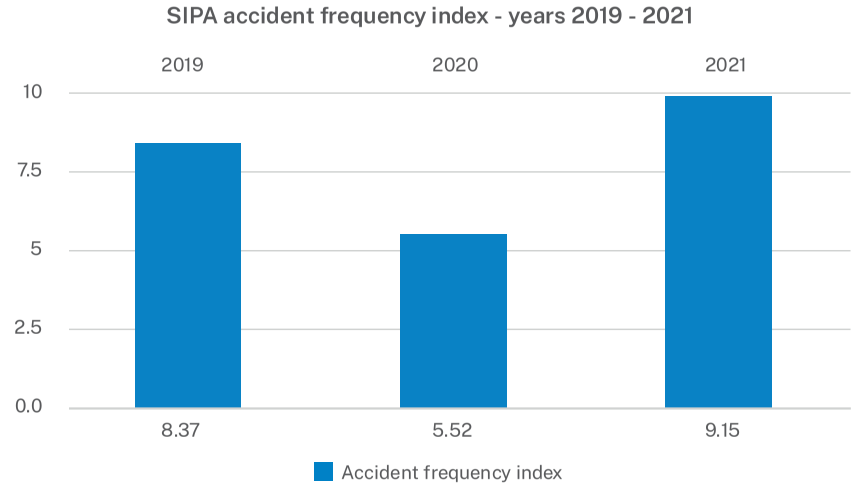
The training on safety in the workplace, both face-to-face and via e-learning, and the prevention of accidents involve everybody, at all levels of the organisation. When joining the company, newly recruited staff members have an induction process that involves meetings with the different business functions through the support of an area tutor.
Subsequently, the training activities and information activities begin, focused on the topics below:

- general risks in the site and corporate organisation in relation to safety, during a meeting with the Head of the Prevention and Protection Service (hereinafter RSPP) or with the Prevention and Protection Service Officer (hereinafter ASPP);
- specific risks of his/her job, as explained by the manager/supervisor of the area where the new staff member will be working.

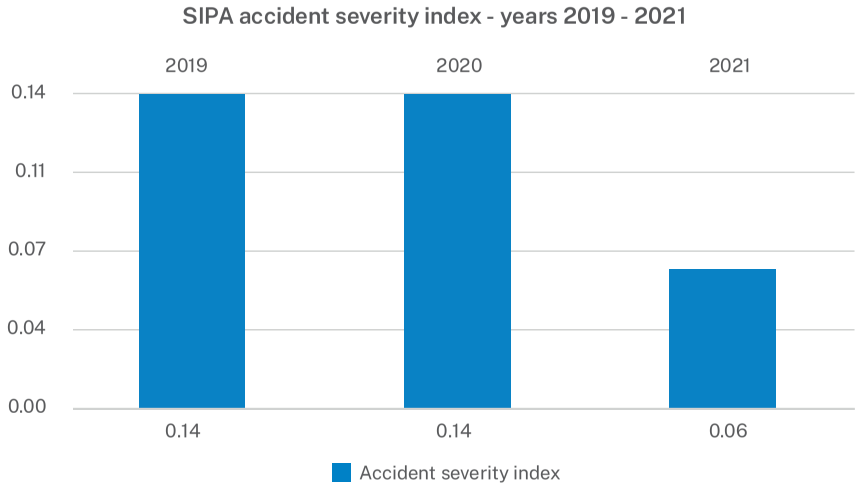
Information about and awareness of workers on health and safety issues are also addressed in meetings with workers' representatives and the internal health and safety committee within the company.
The accident trend in SIPA is as follows:



The company encourages the reporting by all workers of the conditions of danger that can lead to the generation of accidents (near misses).
The report is sent by employees to their supervisor on a specially prepared form.



FREQUENCY INDEX: Number of accidents per million hours worked.



SEVERITY INDEX: Number of days lost per thousands of hurs worked.

Work Life balance and Welfare during the Covid-19 emergency

The priority of 2020 and 2021 for all Zoppas Industries Group companies was to ensure the health of workers. The Zoppas Industries Group has, from the outset, provided its employees with all the protective equipment they require to protect their health and to continue their work. With regard to continuing work and where compatible with job-related duties, smart working has been promptly encouraged and applied.
Smart working, in addition to allowing the continuity of activities, has allowed us to identify opportunities for the Group: this led to a different approach in employee evaluation, no longer based on attendance but on work results. This has also allowed us to continue our ongoing activities with adequate flexibility, to the satisfaction of the people concerned, who are able to maintain an optimal work-life balance.
The company became aware of the need to assess new management solutions for human resources to ensure it is attractive and competitive.
In light of this and in anticipation of the return to the "new normal", the Zoppas Industries Group will continue to offer smart working, which has become an integral part of the Group's culture.

Starting in 2017, the Zoppas Industries Group has adopted a platform dedicated to the management of the welfare plan. The options relating to available goods and services have been chosen by the Group in order to support and meet the needs of people.
For this reason, the platform focuses on subjects such as shopping and petrol vouchers, reimbursements (e.g. transport, school fees), pension services and medical expenses, thus allowing beneficiaries to choose flexible benefits based on their personal needs and interests.

COMMITMENT TO THE COMMUNITY

ZIHET

ZIHET has always been sensitive to the needs of the area in which it operates, giving space to relationships with schools and universities by offering scholarships to employees and internships to recent graduates.
It also participates in and supports projects in favor of the local community.

ZIEHT Mexico carried out the first coat collect named "un dia sin frío" for people of the communities of "El Fuerte and Santa Maria de Río".

SIPA

SIPA worked in 2021 to foster and consolidate relations with schools and training bodies, in order to strengthen the link with the territory.

- SIPA joined the project launched by CIOFS in Vittorio Veneto (Centro Italiano Opere Femminili Salesiane Formazione Professionale [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 aims to offer 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. The project is expected to be defined by the end of 2021 and implemented from mid-2022.

- SIPA has collaborated with the ITS Meccatronico Veneto [Mechatronics Technical Secondary School of Veneto] (Treviso, Mestre and Conegliano branch) to offer two-year internships to students enrolled in the following specialisation courses: HIGHER TECHNICAL SECONDARY FOR THE INNOVATION OF PRODUCTS AND MECHANICAL PROCESSES, HIGHER TECHNICAL SECONDARY FOR AUTOMATION AND MECHATRONIC SYSTEMS, with the aim of training 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.

SIPA has also maintained contacts with universities for the implementation of internships, thesis projects and any other initiative aimed at bringing students closer to the labour world. The collaboration with the Politecnico di Torino continued in 2021 for the Master's Degree in Packaging Design, in which SIPA participated as a sponsor.

In 2021, SIPA joined the intercompany consortium, which led to the establishment of a facility for childcare services and services for minors (early years nursery and infant school). The initiative is an example of collaboration between companies and the territory, making the industrial area located between Conegliano and Vittorio Veneto (TV) not only a place dedicated to production activities but an area increasingly integrated into the life of the community.

SIPA is committed to disseminating sustainability matters, including through the media. Social media pages have been created to promote the proper use of plastic by end-users.

BECOME A CIRCULAR HERO:

A dissemination project to raise awareness of virtuous behaviours as part of the circular economy.
https://www.facebook.com/CircularHeroes/
https://www.instagram.com/circular_heroes/?hl=en
https://circularheroes.sipasolutions.com/

Finally, in 2021, SIPA sponsored the following:

- ENO CONEGLIANO CULTURAL ASSOCIATION
- CLUB SKI 18
- TREVISO BASKETBALL
- CONEGLIANO BIKE TEAM

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 maintaining its position as an eco-friendly company in accordance 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

EC REGULATION no. 1907/2006 "REACH"

The products supplied by Zoppas Industries Heating Element Technologies do not contain any substances that could be released under reasonably foreseeable normal conditions of use. ZIHET undertakes to place on the market products which do not contain a concentration of SVCH (Substances of Very High Concern) above 0.1%.
If this choice is not technically feasible, ZIHET undertakes to inform the customer. Information and communication with customers and suppliers is essential to ensure compliance with the regulations (registration, evaluation, authorisation and restriction of chemicals).

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

The products listed in the categories marked by Directive 2011/65/EU comply with the ROHS Directive (restriction of hazardous substances). Zoppas Industries is aware of the updates of EU Directive 2015/863 and collects information from its suppliers to ensure compliance of its products with the limits set out in the directive.

Restriction of materials listed by the client

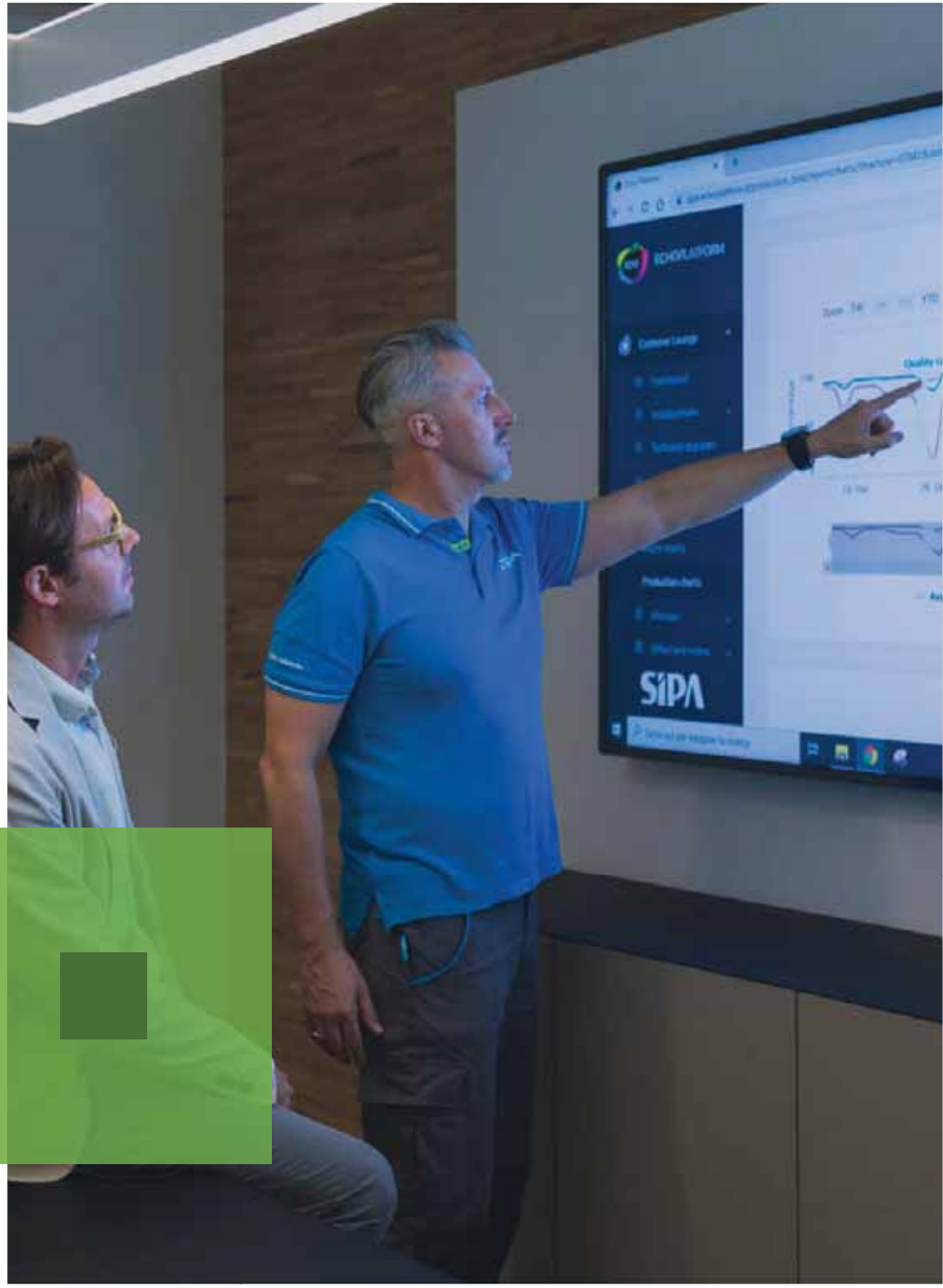
Zoppas Industries has developed a specification that defines the methods for receiving and applying customer requests in relation to lists of restricted materials and similar items, defining the tasks and responsibilities associated with meeting the customer's special requirements for hazardous substances used in the manufactured products.

SIPA

Under the Precautionary Principle, SIPA eliminates the use of potentially hazardous substances in the production and use of the product. The list of these substances, called Substances of Very High Concern (SVHC), for which certification is required (including from suppliers), is published by ECHA and is updated every six months.
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.



SUPPLIERS

The Group promotes the culture of sustainability along its supply chain by requiring, from the third parties it works with, a conduct in line with the previsions of this Code of Ethics. It is committed to:

- 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 qualificarion in the supply chain;
- constantly monitoring the characteristics of its suppliers, preferring local suppliers in order to support the growth of the local community.

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.
The Zoppas Industries Group formalizes its procurement policy relating to metals derived from minerals from the Democratic Republic of Congo and/or from the neighbouring countries (Conflict Regions), the proceeds of which finance local inter-ethnic conflicts ("Conflict Minerals"), in accordance with the provisions of American Law H.R. 4173 July 2010.

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

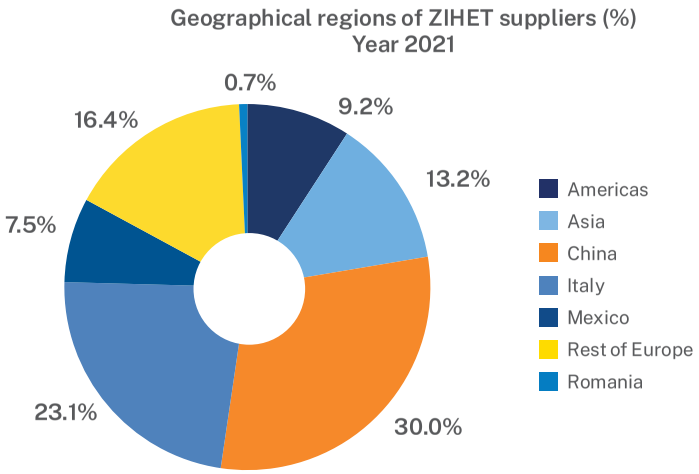
- not use "Conflict minerals": - Columbite/Tantalite (the mineral tantalum is extracted from) - Cassiterite (the mineral tin is extracted from);
- wolframite (the mineral tungsten is extracted from);
- gold from "Conflict Region" mines that are not certified as "Conflict Free";
- implement the necessary actions through its supply chain in order to identify the origin of the above mentioned "conflict minerals";
- require its suppliers to demonstrate, through an independent third party body, that their supply chain ensures the origin of the "conflict minerals" only from:
  - mines and foundries outside the "Conflict Region";
  - mines and foundries that have been certified by an independent third party as "Conflict Free", if located within the "Conflict Region";
  - ensure the dissemination of this information through publication on the website.

ZIHET

In 2021 ZIHET made a significant review of its supplier selection and evaluation process, including environmental requirements in the process.

In the second half of 2021, 58% of the suppliers analysed had ISO 14001:2015 certification. 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 those goods that are typically hard to stack and led to the creation of a new design with reinforced supports, lighter and with dimensions that make them stackable at 3 heights.
The new interior design will result in a decrease of 67.8 ton CO_2 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.

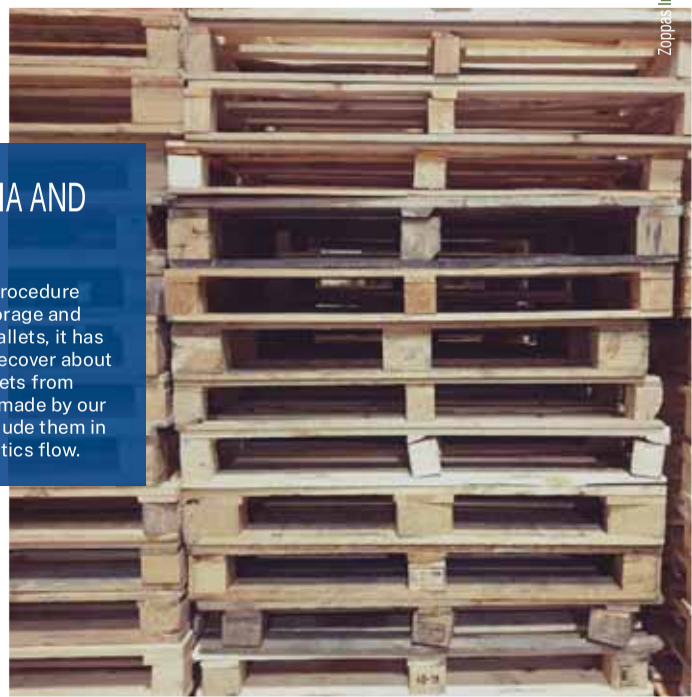
The geographical distribution of ZIHET suppliers is shown below:



In order to reduce CO_2 emissions from the company's car fleet, an analysis is being carried out at the Zoppas Industries Group level to identify the best technologies to be adopted when renewing the vehicles in the future. In a first phase, the current level of emissions relative to the Italian car fleet has been quantified. A potential reduction objective has been defined, between 18 and 35%, using a simulation that considers the use of vehicles with low-impact but consistent with the needs of individual users. A second and more in-depth analysis is being organised, with the involvement of an external specialist company, from which the future policy on this matter will be created, for all the Group's companies.

ZIHET SERBIA AND ROMANIA

Thanks to a new procedure for the control, storage and management of pallets, it has been possible to recover about 4000 wooden pallets from normal deliveries made by our suppliers, and include them in our standard logistics flow.



SIPA

The main suppliers of SIPA are engineering companies, manufacturers of commercial components and/or complete machines, which provide specialised services in the food and beverage sector.
All suppliers who offer, including but not limited to, procurement services must also provide a number of documents, proving compliance with laws and principles on working practices and human rights. This process has been managed since June 2020 with software (Quarta EVO, Blulink) that allows suppliers to remotely insert all the documentation and SIPA itself to carry out assisted checks throughout the working relationship. This tool replaced the "manual" activity of requesting, collecting and monitoring documentation, reducing the risk of errors and the consequent stress on the staff involved.

With regard to purchases in particular, recognised company strengths include having a purchasing policy that is attentive to environmental and social issues and integrating these aspects into contracts with suppliers, as well as effectively monitoring more specific issues by collecting information on suppliers of materials from conflict areas (CMRT) or chemical substances that are verified according to REACH standard.
The improvement measures in the supply chain that SIPA is implementing are:

1. Carrying out a Sustainability Risk Analysis of the main suppliers and, through a questionnaire, identifying areas for improvement of those potentially less attentive to the sustainability issue;
2. Implementing a Sustainability Code of Conduct which suppliers must comply with;
3. Implementing a Supplier Monitoring process focused on sustainability issues.

The first two actions will be implemented by June 2022. At the end, the last action (related to the implementation of the suppliers) will be implemented as well.
With regard to the specific use of Paper and Packaging Materials:

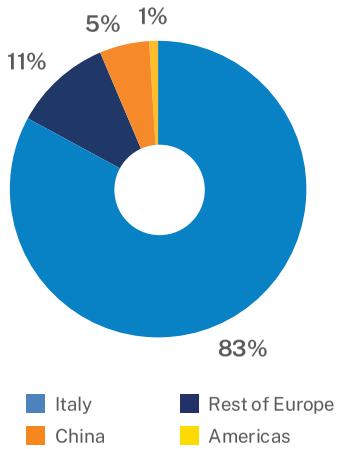
a. purchase contracts have been closed which will guarantee, from January 2022, the predominant use of recycled or FSC-certified paper and packaging boxes, raising the percentage from 37% in 2020 to 92% (some "special" types remain excluded);
b. the packaging from the plants that ship goods to customers are carried out by a specialised company that, in addition to being ISO 14001 certified and EcoVadis assessed, is carrying out a study in collaboration with Politecnico di Milano on more sustainable packaging methods.

For 2022, plans include selecting the software to implement the "Supplier Portal", 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.

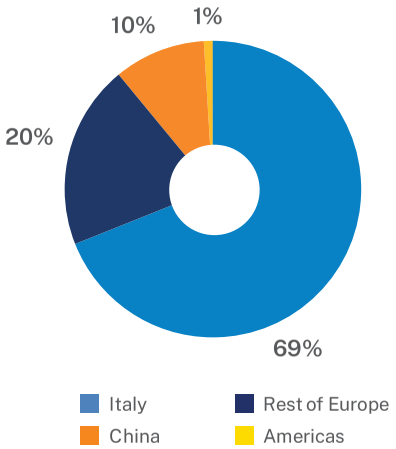
Mapping of Suppliers (Sales in 2021 > 5,000 €)	
% Sales by suppliers with signed SIPA Ethics Code	79%
% Sales by suppliers with signed SIPA CGF + Ethics Code	68%

The SIPA purchasing department manages the supply of the materials necessary for the production of its products, transport services, installation and product delivery to 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.
In terms of geographical location, the distribution of suppliers is as follows:

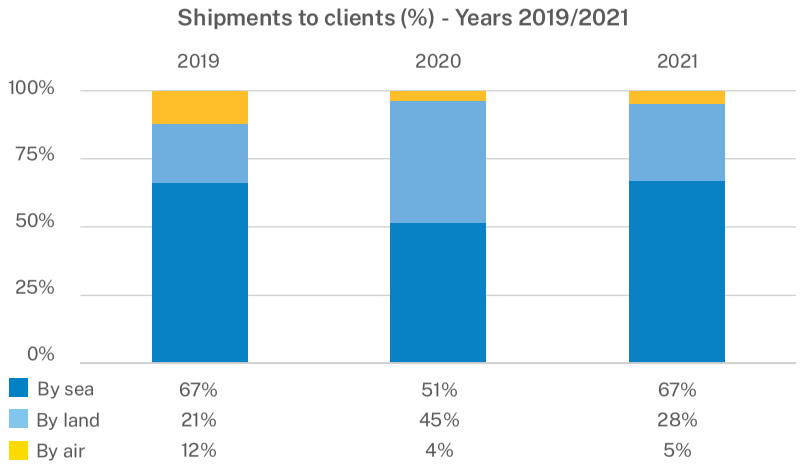
Geographical regions of SIPA suppliers (%) - Year 2021



Turnover of SIPA suppliers by geographical area (%) - Year 2021



In terms of logistics, deliveries from long distances are mainly by sea; other solutions (such as land or air transport) are adopted only, respectively, for shorter distances or for sending spare parts.
With regard to the management of customer-related logistics, the following statistics are provided:



The guidelines for the optimisation of logistics in terms of CO2 emission reduction are shared with the group and find concrete application in the following points:

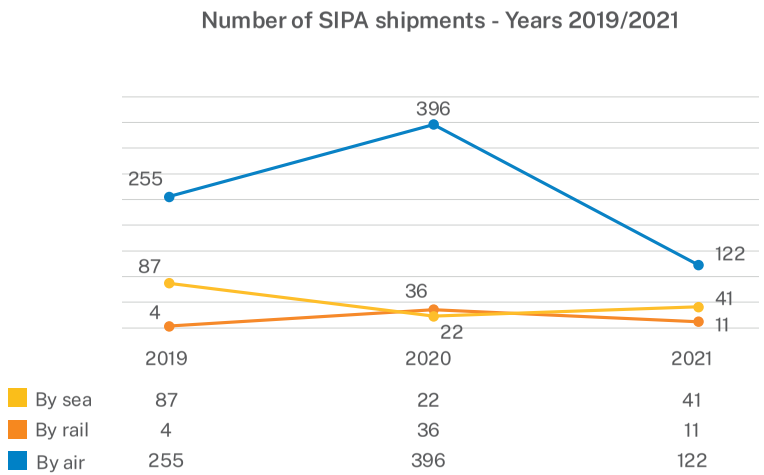
- Use of **green-oriented** partners,
- **Milk-run suppliers**: some milk-runs have now been active for years and cover flows with external processing suppliers in the provinces of Treviso (TV) and Pordenone (PN);
- **China-Europe Transport**: optimisation of the procurement process to have a high coefficient of individual loading unit filling (fewer journeys) and to intensify the use of lower impact train or sea services instead of air transport.

ROUTE	MODE (Transport by Volume/ 40" box weight)	Ton CO_2 e (WTW)	Ton CO_2 e (TTW)
Hangzhou, China – Vittorio Veneto, Italy	Option "A" – (by air)	71.11	58.26
	Option "B" (by sea)	1.20	1.08
	Option "C" (by train)	3.90	0.07

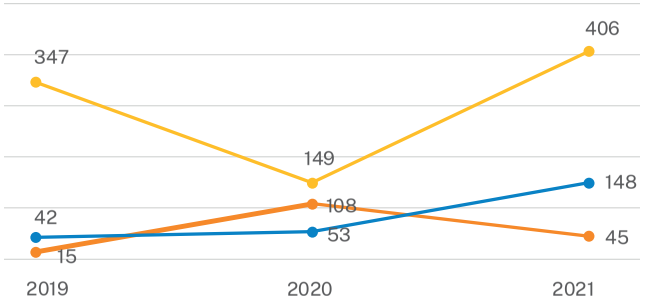
Source of calculation: EcoTransIT World - UNI 16258

With regard to China-Europe Transport in 2021, SIPA's purchased volume has increased by about 2.5 times in value and by 2 in terms of weight, but shipments were less than half compared to 2020 and 2019. All this occurred in a very critical context for world transport, marked by continuous price increases (lockdown, Suez, etc.).

At the end of 2021 SIPA signed a framework agreement with a new maritime company that will manage shipments with lower travel times (26 instead of 35 days). This company has vessels below average tonnage and scrubber systems for reducing sulphur.



Tons of goods shipped by SIPA - Years 2019/2021



	2019	2020	2021
By sea	347	149	406
By rail	15	108	45
By air	42	53	148

SIPA has joined SMETA (Sedex Members Ethical Trade Audit), a procedure developed by Sedex, a non-profit organisation committed to increasing the spread of ethical principles along global supply chains, to conduct the ethical and corporate audits of its suppliers, following aggregate and systematic best practices, avoiding the risk of duplication of controls following different methodologies.

This methodology allows the continuous improvement of ethical performance across the entire supply chain (retailers, manufacturers and suppliers in general) and improves the transparency of audit methods.
The pillars of SMETA Audits are working conditions, health and safety, the working environment and business practices.

ENVIRONMENTAL PERFORMANCE

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. Specific procedures related to environmental crimes, in accordance with the management and control model pursuant to Legislative Decree 231/2008, starting from the Italian factories, have also been applied to foreign plants.
In terms of energy efficiency, the Group has implemented an energy management system (starting from the Italian plant) in compliance with ISO 50001:2018. The environmental management system and the various procedures developed in each plant aim to achieve the following objectives:

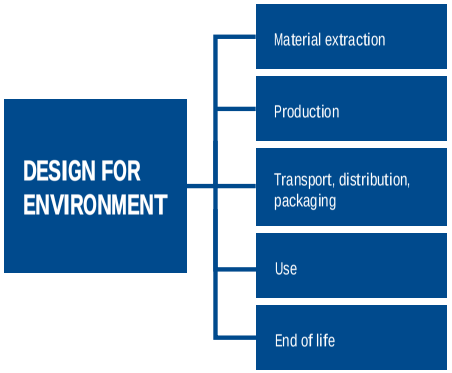
- Reducing the emissions of pollutants into the air, water and soi;l
- Limiting the use of natural resources;
- Increased use of recycled and recyclable materials;
- Greater recycling and reuse of materials.
- Optimisation of production processes to minimise processing waste.
- Rising awareness and educating human resources on how to respect the environment in and outside the company.

QUOTE MISSION

We are present in people's lives with products, technologies and services that improve the quality of the environment and enable a sustainable lifestyle.

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 Design for Environment logic.



In particular, this translates into two macro-objectives:

A. minimisation of the carbon footprint linked to item production by optimising the use of materials, using materials that are recycled or have the lowest possible impact;

B. development of products that are more efficient and sustainable in all stages of use and at the end of their useful life.

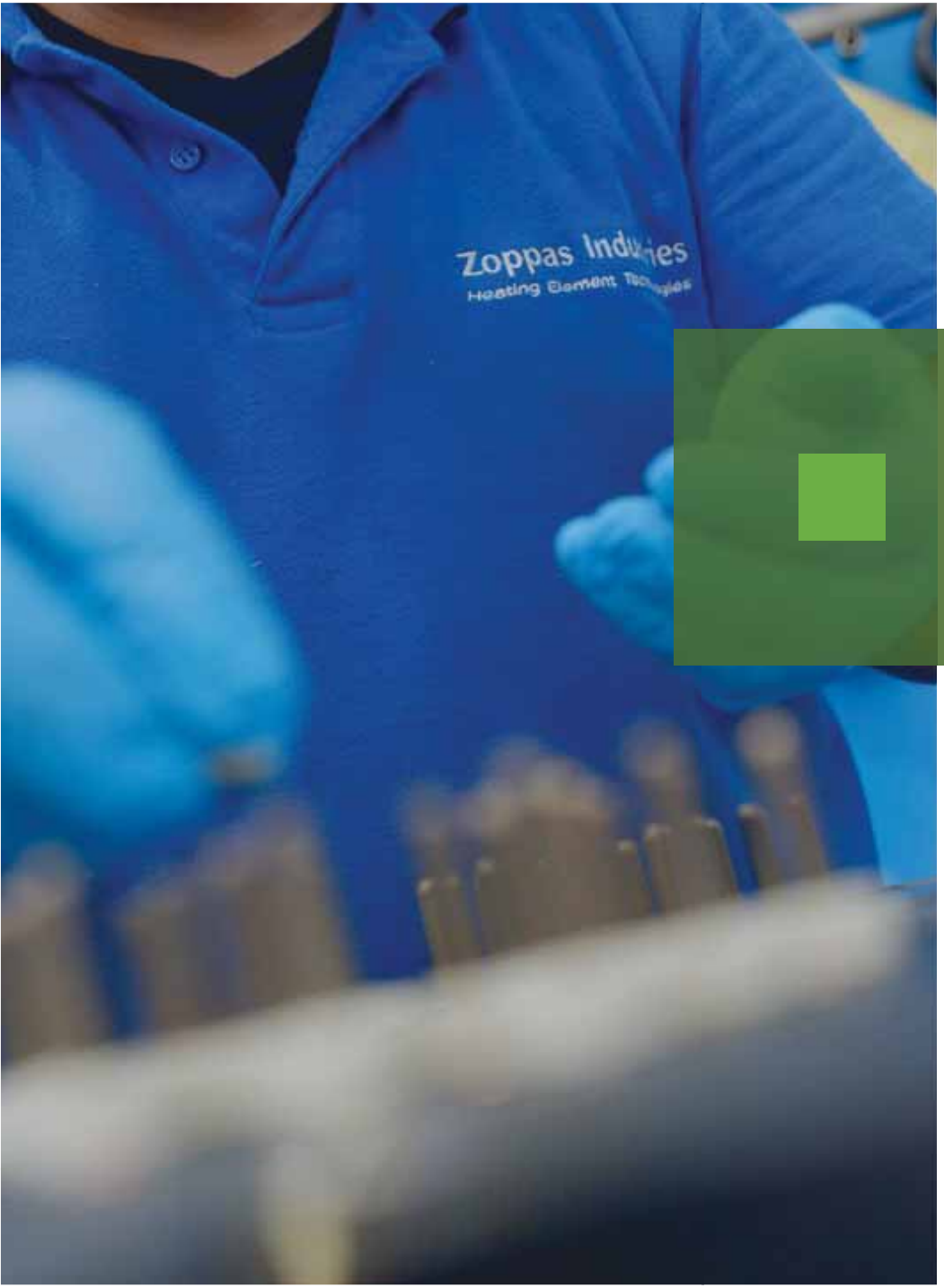
In 2021, ZIHET's R&D area focused on the following objectives:

- Improving the efficiency of materials and processes;
- Development of green products with a lower energy impact;
- Reduction of hazardous substances in products.

During the year, new measurement tools were introduced with the aim of defining KPIs relating to the sustainability of the design process and greatly increasing awareness of the product's environmental impact (Carbon footprint of the product and recycled content in products).
The company's constant commitment to research and innovation and the creation of products with a lower energy and environmental impact was also supported by the paperless project, a project for the gradual reduction of paper in favor of digitization.

EFFICIENCY OF MATERIALS AND PROCESSES

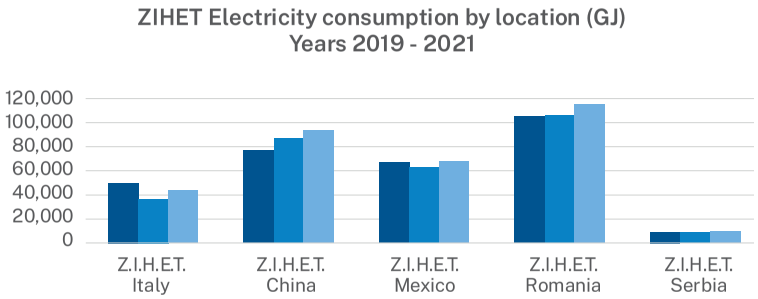
This name identifies a portfolio of activities aimed at improving the efficiency of materials and production processes carried out in all ZIHET plants by the R&D department.
These activities were implemented through the involvement and commitment of internal stakeholders: Engineering, Operations, Purchasing, Sales, Quality and Technical departments. It is a continuous process that has led to the optimisation of the use of materials in the bill of materials and of energy consumption in the production process in terms of saving materials and energy.
These results were obtained by pushing for the automation of production lines, implementing state-of-the-art production technologies and optimising product design.



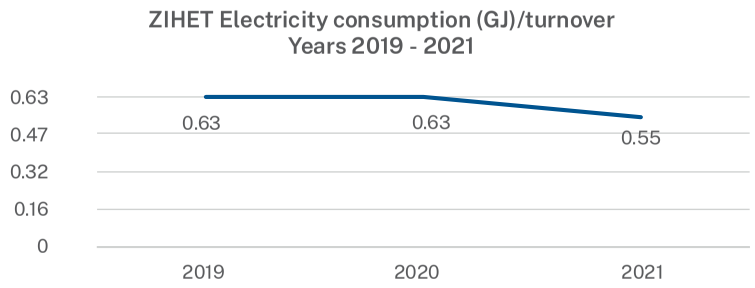
ZIHET energy consumption

Energy consumption is a significant factor for the Group's business, both in terms of heating elements and systems for the production of packaging. In recent years, advanced technologies have been implemented in all the Group's plants in order to reduce energy consumption.
These dynamics are better represented in the electricity consumption trends in the Italian and Mexican branches in particular; in Romania and China, the stronger incentives to increase production exceeded the measures taken in recent years in terms of increasing process efficiency and overall containment of consumption.

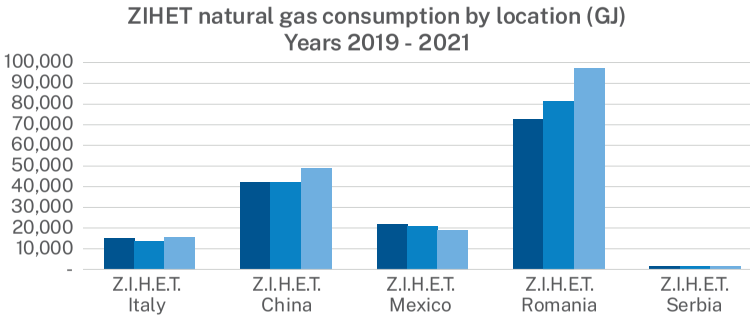
Electrical energy



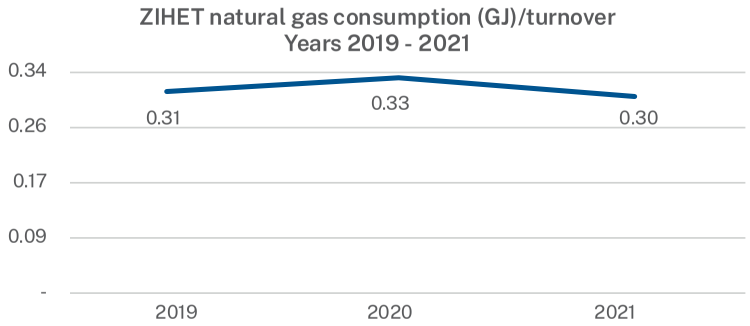
	Z.I.H.E.T. Italy	Z.I.H.E.T. China	Z.I.H.E.T. Mexico	Z.I.H.E.T. Romania	Z.I.H.E.T. Serbia
2019	50,031	76,696	66,985	105,023	8,953
2020	36,617	86,985	62,958	105,952	8,658
2021	43,793	93,600	67,863	115,031	9,400



Natural gas



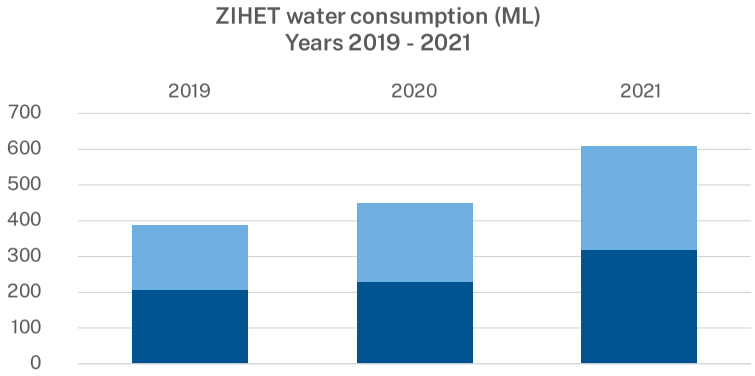
	Z.I.H.E.T. Italy	Z.I.H.E.T. China	Z.I.H.E.T. Mexico	Z.I.H.E.T. Romania	Z.I.H.E.T. Serbia
2019	14,879	41,786	21,922	72,425	1,152
2020	13,389	42,261	20,951	81,586	1,279
2021	15,640	49,040	19,010	97,041	1,484



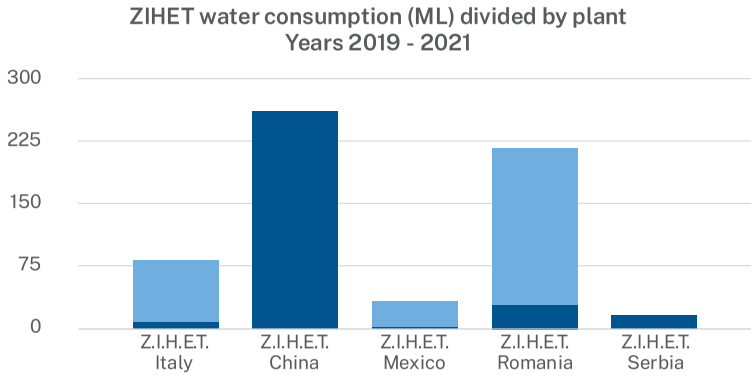
The increases in the consumption of electricity and natural gas are mainly due to the increase in production in the various ZIHET plants. If we consider these figures in relation to turnover, a significant decrease of -12% for electricity consumption and -9% for revenues can be seen.

Management of water resources

Water is supplied to ZIHET from the municipal water supply for office consumption, and mainly from a well for processing water, i.e. the water used to cool machinery, for fire circuits and washing linked to the engraving processes.
In recent years, the Group has focused on optimising water consumption linked to die casting moulds and on introducing technologies to recover water from production processes.

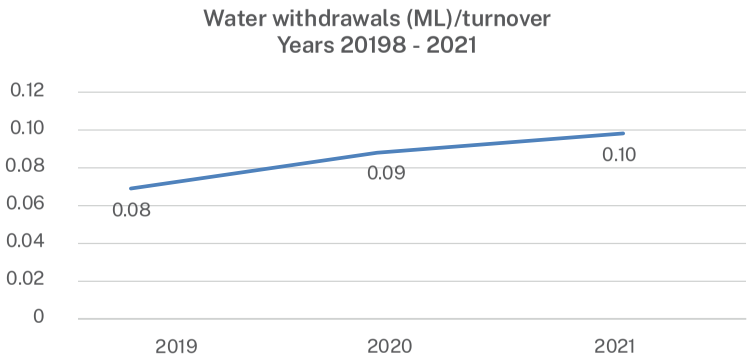


	2019	2020	2021
Well	181	220	290
Acqueduct	207	228	317



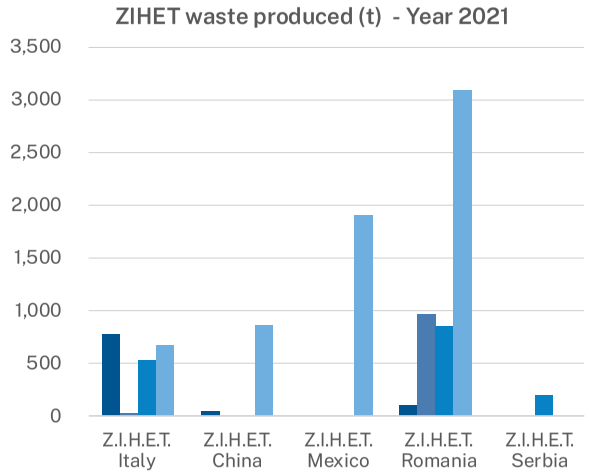
	Z.I.H.E.T. Italy	Z.I.H.E.T. China	Z.I.H.E.T. Mexico	Z.I.H.E.T. Romania	Z.I.H.E.T. Serbia
Well	73	0	30	187	0
Acqueduct	9	260	4	30	15

The increases in water consumption are mainly due to increased production and the opening of the new Jiaxing plant.

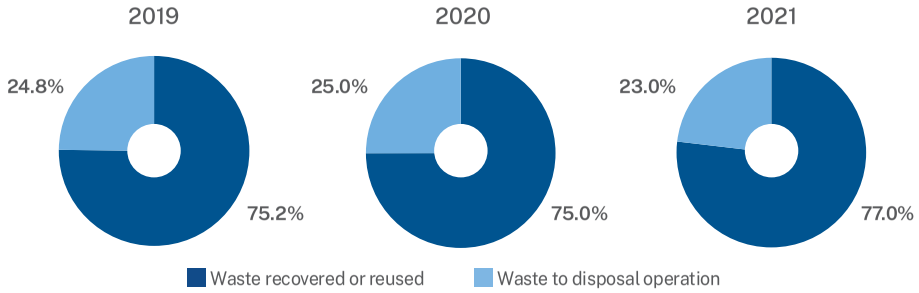


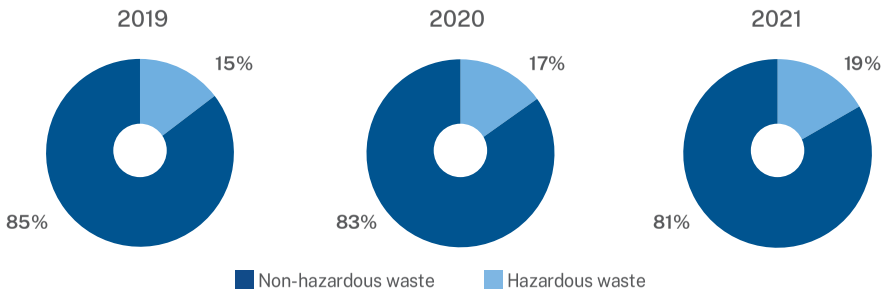
Waste Management

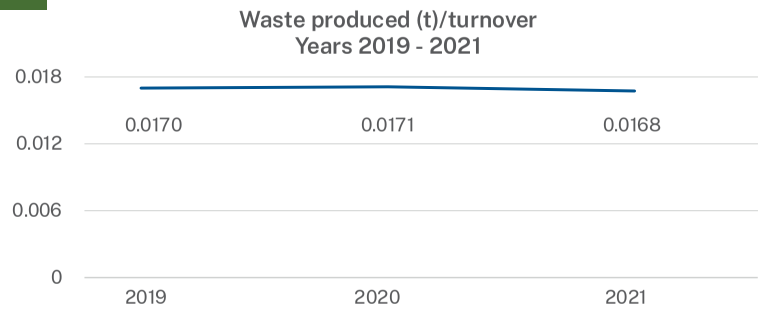
ZIHET uses specific registers and databases to constantly monitor the volume of waste produced by all its plants, to ensure that they comply with legal requirements and the related management and treatment requirements.
Waste management is defined on each site through procedures and operating instructions, with the aim of ensuring compliance with the standards and adequate treatment of all waste, giving priority to recycling and recovery.
The main waste materials generated by ZIHET are scrap iron and other metals in general, with lower amounts of plastic, packaging materials, used oils, absorbent material and rags, sealing resins.
The following table provides the statistics on waste sent to disposal or recovery facilities..



	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
Hazardous waste to disposal operation	773.227	44.981	5.21	98.679	0
Hazardous waste recovered or reused	27.34	1.2	9.073	964.24	0
Non-hazardous waste to disposal operation	530.995	0.35	1.49	851.78	8.01
Non-hazardous waste recovered or reused	676.318	862.54	1,912.04	3,093.557	194.91





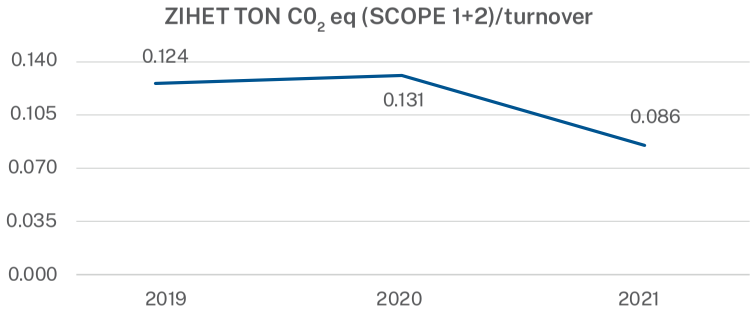


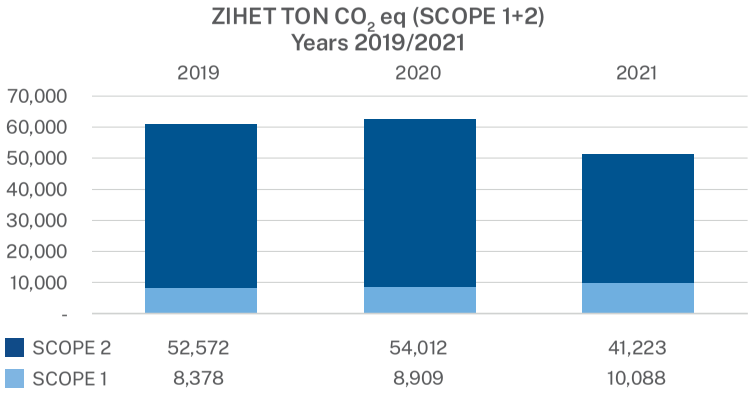
The graphs highlight the substantial confirmation of the trend of waste disposal being sent to recovery and the 2% increase in hazardous waste disposal compared to the previous year, due mainly to the increase in production in the various ZIHET plants.

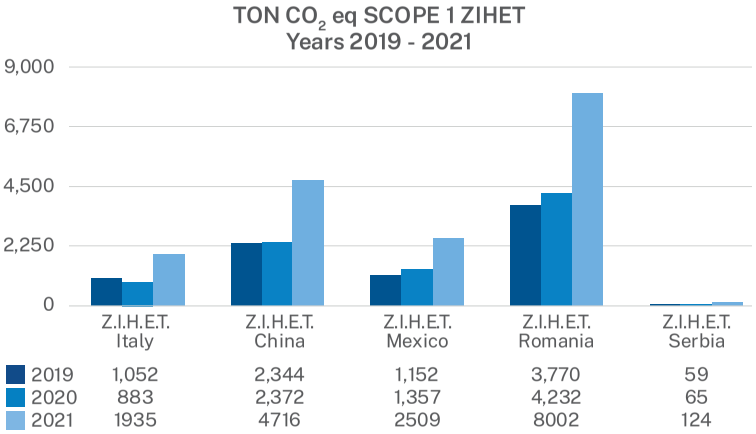
Carbon Disclosure Project and CO_2 equivalent emissions by ZIHET

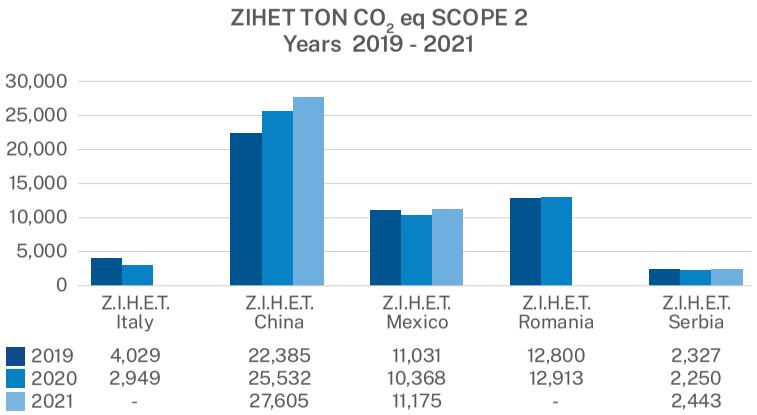
Zoppas Industries Group is part of the CDP (Carbon Disclosure Project) as a supplier of leading companies in the automotive, marine and rail, household appliances and aerospace sectors. The questionnaire is divided into 12 sections and covers different areas: governance, risks and opportunities related to climate change, strategies, targets and performance, methods of calculation and disclosure of emission data, breakdown of emission sources, energy, additional metrics, audit and assurance, carbon pricing, engagement as well as an additional module related to the supply chain.
As regards 2021, the overall valuation according to CDP remained in line with the previous year, while in terms of the CDP SUPPLIER ENGAGEMENT RATING, the overall score has improved significantly, from D to B-. The emission factors used for the calculation of SCOPE 2 for Italy refer to the factors published by ISPRA ("GHG gas emission factors in the domestic electricity sector and in the main European countries - 317" ISPRA 2020).
For the factories in Romania, China, Serbia and Mexico, the emission factors considered were the ones in the Ecoinvent 3.7 database.
As regards the SCOPE 1 calculation, the emission factors considered refer to the ones published by the Italian Ministry of Environment (Table of national standard coefficients 2021[2]).
In the total calculations, the certificates of origin from renewable sources obtained in 2021 weighed heavily on electricity consumption in the ZIHET Italian and Romanian sites. They led to a 24% reduction in tonnes of CO2-equivalent compared to 2020.

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







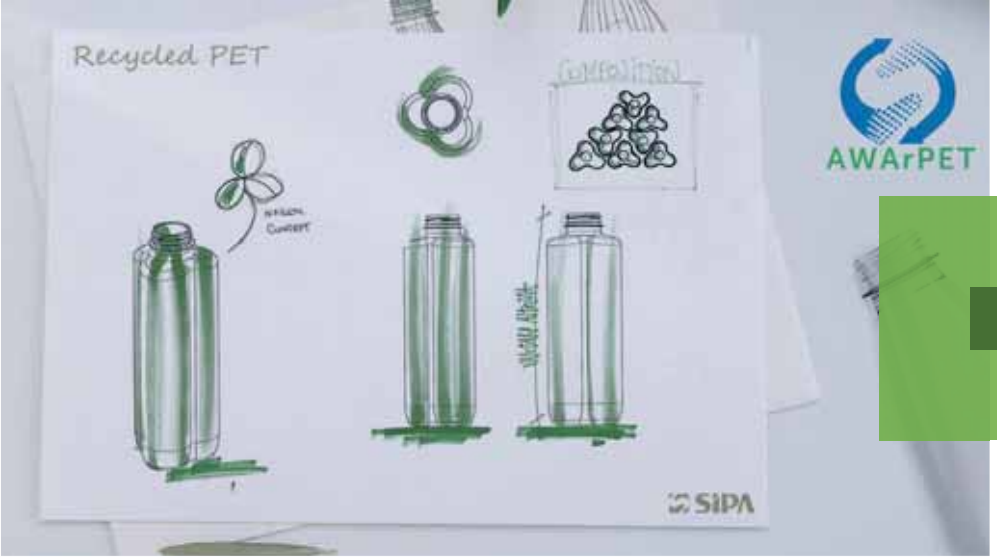


SIPA

Technologies from a circular economy perspective

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: consistently, in 2021, it decided to undertake a certification of its environmental management system in accordance with the ISO 14001:2015 standard. The preparation phase of the reference documents and procedures was completed in 2021. Training for internal staff, the internal system audit and the certification body's audit are planned to be carried out by July 2022.

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.



AwarPET, the new brand: design for recycling

SIPA has established a new brand - AWArPET - which represents an environmentally friendly approach to the design and production of PET packaging.
For these new products, SIPA strictly follows the Recyclass, Design for Recycling guidelines established by EPBP, the European platform for PET bottles[3].
These guidelines for the design of PET bottles provide specific guidance for optimising recycling, evaluating solutions and new packaging technologies.

The "green plastic" factor

SIPA is always at the forefront in reducing the weight of bottles. However, reduced weight is not the only essential aspect in the sustainability theme. 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 compared 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. For a collapsible 10 litre bottle, the GPF is about 125, while for a 500 ml single-use bottle it is about 55. This clearly shows the high level of sustainability of large-format bottles, for which SIPA production has developed specific machinery.
The Green Plastic Factor is just one of the tools that SIPA uses in its design projects: in the case of a 5 litre ultralight water bottle, this can also have a high GPF - about 85 - and also very good performance, but as evidenced by the studies carried out by SIPA, these must also be related to other factors, such as the fact that single-use items require the implementation of good logistics.

[3] https://www.epbp.org/

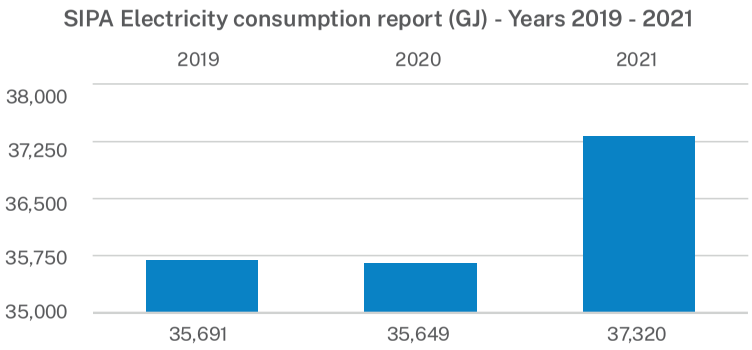
Energy consumption

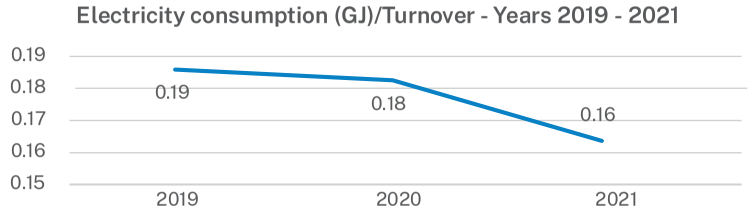
In 2021, SIPA implemented a system to monitor the consumption of electricity (divided among the various production sites, with the option of daily, weekly and monthly viewing) and is currently dividing energy-related activities in accordance with ISO 50001, a process that will take place without the objective of achieving certification.
The consumption of electricity and gas in 2021 was essentially unchanged, the slight changes in electricity consumption are mainly due to an increase in production.
Other factors affecting energy consumption were the ones linked to the change in the shift rota (with the third shift remaining by default, after it was introduced to limit infections during the COVID-19 pandemic) and an increase in the number of tests.
In 2021, in terms of energy aspects, SIPA focused on the following objectives:

- Introduction of the new role of Energy Manager;
- Controls on the compressed air distribution system in order to minimise losses;
- Application of specific controls on the efficiency of boilers;
- LED lights in production units and timer-equipped lights;
- Purchase of 100% certified green energy from January 2021;
- Investigation of solutions or proposals for self-generation of energy.

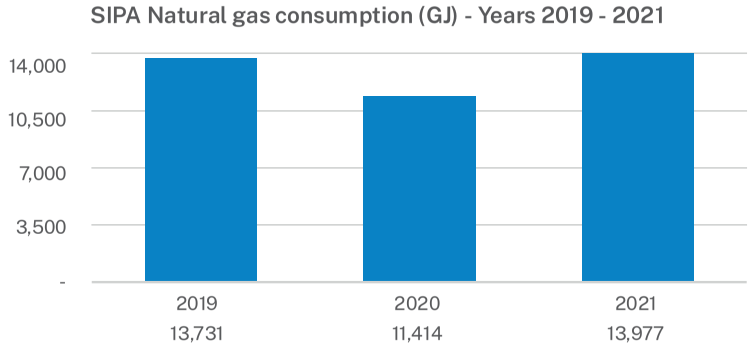
Gas consumption, used exclusively for heating rooms, is mainly affected by seasonal trends.

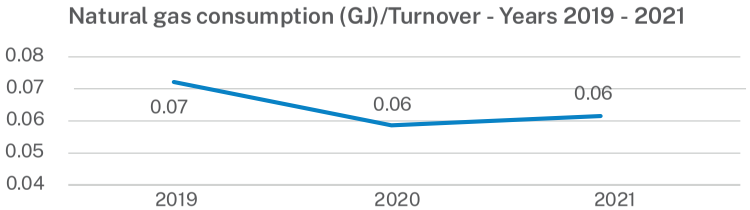
Electrical energy





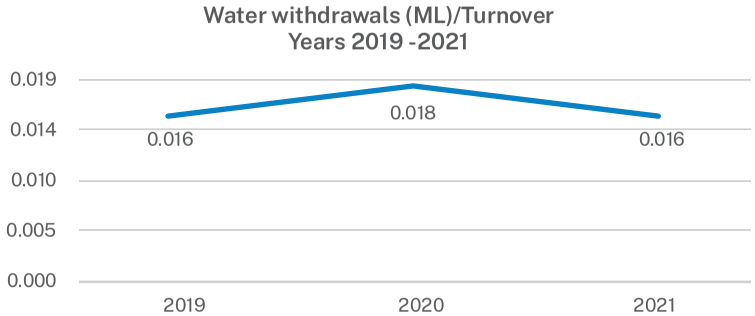
Natural Gas

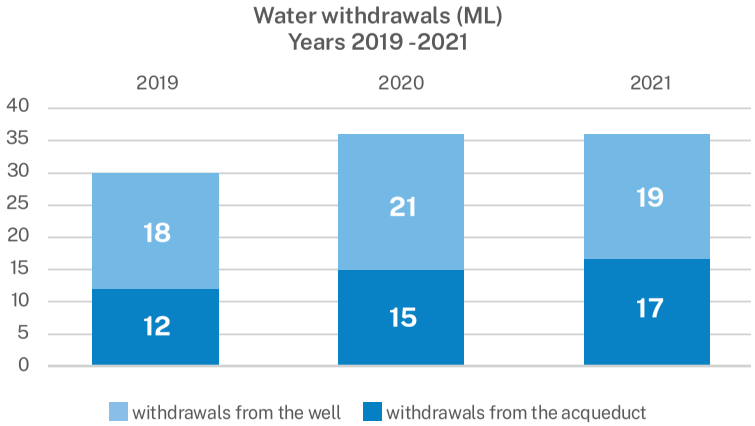




Management of water resources

The chart below shows that water consumption was more or less constant over the 2019/21 three-year period.
If, in 2020, more injection machines and single-stage machines were produced and tested, which require higher water consumption in the cooling circuits, in 2021 consumption was influenced by a loss in pipeline networks and an increase in shifts.





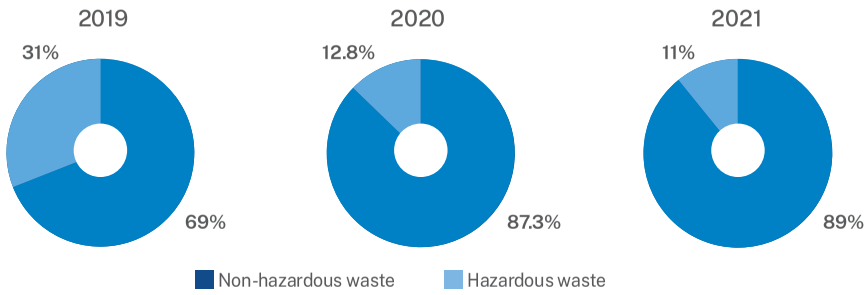
Waste management

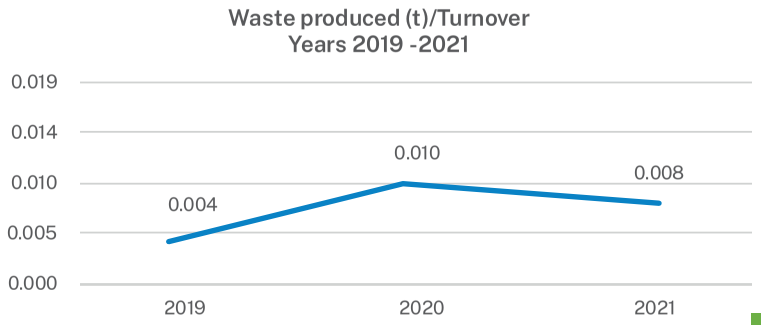
SIPA monitors the volumes of waste produced in its plants in specific registers and databases, in compliance with all standard requirements and associated filing requirements. The main waste produced by SIPA is: plastic packaging materials, ferrous metal scrap and wood packaging materials.

In 2021, SIPA's activities to improve the management of waste were:

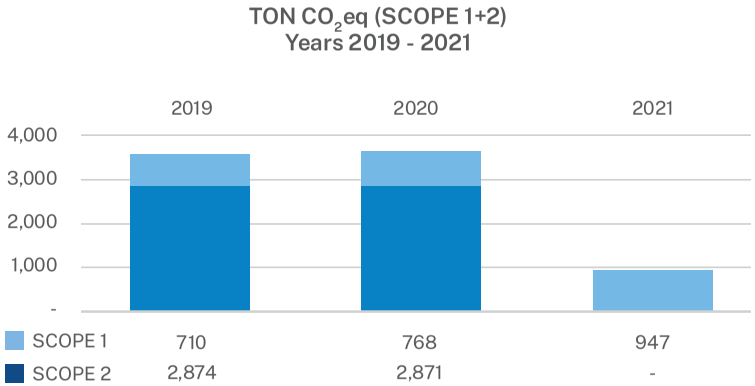
- introduction of a separate waste collection system in offices;
- Increased use of recycled materials in production;
- Progressive reduction of paper in favour of digital records, digitisation of machine assembly areas and mould production (-90% achieved);

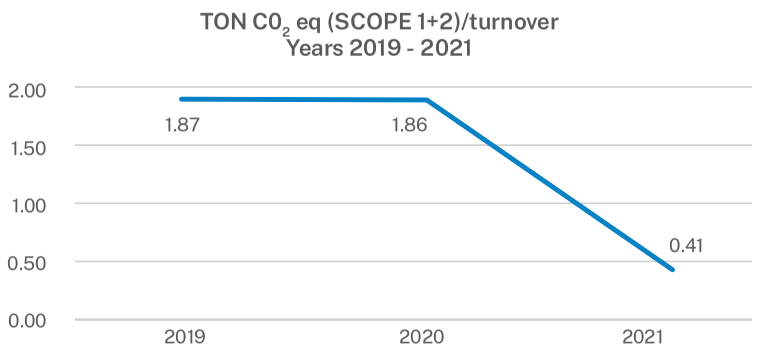
The trend in recent years has also been to decrease the percentage of hazardous waste. While in 2019 it represented 31% of the total, to date the percentage has more than halved and currently stands at 11%.





CO_2 equivalent emissions





Total CO_2 eq emissions from SIPA decreased significantly (-74%) compared to 2020: this important objective was achieved through the acquisition of electricity certified as produced 100% from renewable sources. SIPA emissions depend to a large extent on its electricity consumption (SCOPE 2). For these reasons, the company has chosen to invest significantly in energy efficiency projects and in the purchase of energy with certificate of origin.

The emission factors used for the calculation of SCOPE 2 refer to the factors published by ISPRA ("Greenhouse gas emissions factors in the national electricity sector and in the main European countries - 317" ISPRA 2020). As regards the SCOPE 1 calculation, the emission factors considered refer to those published by the Italian Ministry of Environment (Table of national standard coefficients 2021).

PRESENT AND FUTURE TARGETS AND GOALS

12 OBJECTIVES

GOVERNANCE		
2020 - 2024 OBJECTIVES		2021 TARGETS
INTEGRATION OF SUSTAINABILITY IN THE BUSINESS MODEL	Greater involvement of the Governing Body in evaluation of the choices connected with sustainability, also by implementing the activities recommended by the Sustainability Commettee;	In 2021, the Sustainability Committees of ZIHET and SIPA met on a quarterly basis in order to share the progress of the individual objectives and to decide on the actions necessary to fully achieve these objectives.
	Promotion of investments in sustainable projects: integration of the industrial plan with the sustainability plan.	In 2021, the company integrated into its objectives various social investments (which led to donations, projects with schools and information campaigns) and environmental investments, with energy efficiency projects.
MANAGEMENT OF SUSTAINABILITY DATA	Sustainability training (managers), reporting standards, performance measurement.	In 2021, 60 hours of (operational and interactive) training were programmed with the aim of understanding standardisation, principles and tools for sustainability. During the year, the company also invested in improving the management of sustainability data through the implementation of an IT platform.

ZIHET ENVIRONMENT		
2020 - 2024 OBJECTIVES		2021 TARGETS
ENERGY: **Improve the management and monitoring the energy consumption in all plants** **Reduced consumprion and associated tons CO_2Eq**	Extension of ISO 50001:2018 certification to plants in Mexico and Romania	• Mexico and Romania: procedures are being implemented for the creation of the ISO 50001:2018 management system; • ZIHET Italia: an energy team that meets every three months was created.
	5% reduction of CO2 emissions as a result of increased plant efficiency;	In all sites, improvements have been made in terms of efficiency to reduce CO2 emissions (e.g. timers inserted for automatic stopping of machinery on exhaust systems, lighting with metal halogens replaced with LEDs, better distribution and efficiency of compressors) SCOPE 2 emissions reduced by 13%
	Reduction of CO2 emissions, - 30 % of Ton CO2 eq as a result of purchasing certified green energy	Switch to the new supplier of 100% certified green energy completed for the plants Italy and Romania. CO2 emissions reduced by 24% (-17,546 ton CO2 eq) compared to 2020 (SCOPE 2)
ATMOSPHERIC AMISSIONS **Improvement in management and reduction of ton CO_2eq**	CDP questionnaire extension to plants in Romania, Mexico, China and Serbia, obtaining Class C or higher class. Reduction of atmospheric emissions.	• Overall CDP score: C; • CDP SUPPLIER ENGAGEMENT RATING Score changed from D to B; • Planning for the insertion of filters in ZIHET chimneys to further reduce emissions (chimney emissions are already within the regulatory limit)
RAW MATERIALS **Improve the management of raw materials and waste from a circular economy perspective**	Minimisation of the carbon footprint linked to the production of own products.	• ZIHET is working on design for disassembly and design for packaging in the design and development of its products, in order to minimise their carbon footprint by using materials that are recycled and with the lowest impact. • Green Tubular project started (definition of a new process that reduces the use of energy resources). • A study is under way to introduce new types of resins devoid of hazardous substances.
RAW MATERIALS **Improve the management of raw materials and waste from a circular economy perspective**	Development of products increasingly efficient and sustainable during use and end of life phase.	• The calculation of the carbon footprint and the percentage of recycled materials on a pilot number of ZI products is currently being calculated.
	Adoption of electronic document management application for document flow dematerialisation, with the aim of eliminating paper usage, reducing toners and storage and context space Purchase of FSC certified recycled paper.	• The progressive reduction of paper (paperless project) is underway, with a shift towards the digitisation process (project 4.0 for the digitisation of production processes). In 2021 the analysis phase of the project was completed. The "execution" phase will be carried out in 2022-2023 Ref. ITA - RO. • Phase 1 of this project requires all document management (excluding supply agreements, NDA) to be in electronic format; • Phase 2 requires 100% dematerialisation through a dedicated portal.
SUPPLY CHAIN MANAGEMENT **Improvement of management**	Involvement of suppliers, favouring suppliers certified in environmental aspects.	• Introduction of new approval/ inclusion process for new suppliers that involves environmental certification assessment. 58% of suppliers were ISO 140001 certified in the last six months.
	Optimisation of the load factor in transport vehicles.	• The load factor in intra-corporate transport has been increased. The new system will allow to reduce emissions by 67.8 ton CO2 eq per year (ITA - Romania) and will be implemented in the other plants in the coming years. • The plan to use suppliers of raw materials that use stackable packaging to achieve a better load factor has been implemented.
ENVIRONMENTAL CERTIFICATIONS	ISO 14001 extended to the plant in Mexico.	• Project to be carried out by 2024; macro-activity plan to obtain certification in Mexico started • Shared roadmap with the main activities to be carried out by 2024

ZIHET SOCIAL ACTIVITIES

2020 - 2024 OBJECTIVES		2021 TARGETS
HEALTH AND SAFETY IN THE WORKPLACE **Improved management of health and safety aspects at work**	Investment in health and safety at work in terms of new technologies and training hours	• In 2021, man-hours of training increased by 23.9%, compared to 2020. • Reduction of the overall frequency index (-29.7%), for the Italian site was the best KPI recorded since 2011 • Investments for the safety of people that led to increased requirements/safety standards in machines • Plan to homogenise data management among the different plants by 2023 • Plan for sharing safety performance in ZIHET sites by 2023
PERSONNEL MANAGEMENT **Increase employee wellbeing and satisfaction**	Strengthening internal know-how Link MBOs, remuneration policies and incentives related to environmental issues (such as reducing greenhouse gases).	• The training hours provided by ZIHET in 2021, in total in all the Group's premises, are 83,916: a 15.4% increase compared to 2020. • Contractually, MBOs were included for 55% of the first levels. • Specific sustainability training planned in 2021 involved both managerial and operational functions.
SUPPLY CHAIN MANAGEMENT **Monitor the social aspects in the supply chains**	Implementation of monitoring/audits on environmental and social issues related to suppliers.	58% of suppliers were evaluated according to environmental criteria
RELATIONS WITH STAKEHOLDERS **Improve communication with stakeholders**	Implementation of a process to increase the involvement of external stakeholders in economic, environmental and social issues Promoting investment in sustainable projects	For the 2021 Report, the Zoppas Group has drawn up a new materiality, focusing more on the topics of investigation: the specificity of the themes is focused on the Group's activities, thus allowing even more precise reporting with a greater impact. Stakeholder engagement has also been expanded. - Scholarships for employees (see previously sent slides on social projects) - **Educational Scholarships**: scholarships to support the children of Zoppas Mexico employees - **Breast cancer prevention activities**: day dedicated to awareness-raising and information activities **Donations for COVID-19**: in Romania donations to the Sânnicolau hospital were made to fight COVID-19.

SIPA ENVIRONMENT

2020 - 2024 TARGETS		2021 TARGETS
ENERGY: **Improve the management and monitoring the energy consumption in all plants** **Reduced consumption and associated tons CO_2Eq**	Installation of plant-wide electricity measurement system	The system has measured the consumption of the inactive (or almost) plant and made it possible to define the first steps to be taken in order to reduce energy consumption.
	Controls on the compressed air distribution system with a view to optimise losses along the distribution line	The checks were carried out and any air loss has been eliminated in the various factories.
	Starting specific controls on boiler efficiency	Testing and analysis of the energy performance of boilers has been launched in order to assess the introduction of filters or other emission reduction systems. The combustion efficiency of boilers is already quite high (about 95%).
	Replacement of tooling centres with newer and more efficient ones.	In 2021 the first work centre was replaced and real energy savings are under way in anticipation of the next investments.
	LED lights in production and warehouse area Timer/light-sensitive lights.	The replacement of lamps with LEDs in SIPA 2 in production and warehouse areas has commenced, with **53% energy savings**. Switch off and/or optimise electrical loads during non-production hours.
	Energy efficiency	Following the energy efficiency measures, the CO2 eq emissions expressed as the ratio of ton CO2 eq related to electricity consumption/million revenue decreased **by 11%** compared to 2020 (absolute value: **-135 ton CO_2 eq**).
ATMOSPHERIC EMISSIONS **Improvement in management and reduction CO_2 eq by 30%**	Reduction ton CO_2 eq	As of January 2021, SIPA buys 100% of its energy from renewable sources with a guarantee of origin certificate. Through the acquisition of energy with certification of origin, SIPA reduced its emissions by **74%**;
	Depending on the distance, favouring hybrid rental cars with a view to CO2/Km reduction.	The next machine fleet renewals are expected to include machines with at least Mild Hybrid solutions.
	Cogenerator Project	Study of the feasibility of application of co-generation energy production facilities and installation of photovoltaic panels

MANAGEMENT OF WATER RESOURCES **Improve water management**	Introduction of waste water treatment system	Water purifier is fully commissioned and functioning at 100%
RAW MATERIALS **Improve the management of raw materials and waste from a circular economy perspective**	Introduction of separate waste collection system in the offices	The system of separate waste collection in the offices has been improved and the use of recycled materials in production increased.
	Gradual reduction of paper document use in favour of digital documents, digitalisation of machine assembly area and mould production area	Progressive reduction of paper in favour of digital documents: in 2021 the 4.0 digitisation process, the digital management system that allows remote control of the machine's life cycle processes, was improved. In addition, paper consumption fell by **36%** in 2021.
	Purchase of FSC certified recycled paper	By purchasing FSC paper, **90%** of paper now used is certified or recycled paper. The purchase of recycled cardboard has begun.
SUPPLY CHAIN MANAGEMENT	Preparation of a specific procedure for the qualification and validation of suppliers in terms of environmental aspects	SIPA has adhered to protocols for the sustainability of the supply chain and conducts document controls on suppliers to certify their compliance with them also from an environmental point of view.
	Introduction of Supplier Portal	The project will be activated in 2022 and will lead to a further reduction in the use of paper, toners, archives, as well as a more streamlined operating process with an improvement in the quality of work.
	Optimisation of sustainable transport in China-Europe routes	Overall optimisation of the procurement process to have a high fill coefficient of individual loading units. With regard to China-Europe routes, the volume of SIPA purchases increased by about 2.5 times in price and doubled in weight, but shipments were less than half compared to 2020 and 2019. Almost all currently used packaging and transport suppliers are ISO 14001 certified and involved in the application of sustainability principles.
ENVIRONMENTAL CERTIFICATIONS	Achievement of **ISO** 14001 certification	The ISO 14001:2015 certification process started in 2021; the objective is to obtain certification by July 2022. By the end of December 2021 all the procedures had been developed and all the functions involved interviewed; the training of staff on the new management system is planned for January 2022.

SIPA SOCIAL ACTIVITIES		
2020 - 2024 TARGETS		2021 TARGETS
HEALTH AND SAFETY IN THE WORKPLACE **Improved management of health and safety aspects at work**	Increased hours of training in safety at work	The 2021 mandatory training plan has been implemented. The total number of safety course hours significantly increased in 2021: +66% 2022: 3194 h The frequency index increased compared to the year 2020, while the 2021 Severity Index, compared to the previous year, decreased by 57%.
	Implementation of a plan to reduce accidents with the aim of reducing both frequency and severity.	
PERSONNEL MANAGEMENT **Increase employee wellbeing and satisfaction**	School-work experiences	Relations with schools continue to bring students closer to the Company: in 2021, the activities for the Transversal Skills and Guidance Paths were also activated. - 19 projects with schools/training institutes started; - 6 projects with universities (of which 1 for Master's Degree in Eco Packaging Design). The Group favours work-life balance initiatives, allowing part-time employment when requested. The Zoppas Group will continue to adopt smart working, which has become an integral part of Zoppas Culture, even after the COVID-19 emergency ends. Specific sustainability training planned in 2021 involved both managerial and operational functions.
	Work-life balance projects	
	Courses to increase sensitivity on environmental management issues.	
SUPPLY CHAIN MANAGEMENT **Monitor the social aspects in the supply chain**	Improved management of suppliers in relation to social aspects	Ongoing preparation of code of conduct to be signed by suppliers

8 DECENT WORK AND ECONOMIC GROWTH	**RELATION WITH STAKEHOLDERS**	Implementation of a process to increase the involvement of external stakeholders in economic, environmental and social issues	**TRAINING** • SIPA joined the project launched by CIOFS in Vittorio Veneto (Centro Italiano Opere Femminili Salesiane Training). Together, they have promoted the creation of an innovative start-up with a social vocation to provide training activities with a high technological, research, experimentation, planning and guidance value. • SIPA collaborates with ITIS Meccatronico Veneto (Higher Technical Institute for Mechatronics) for the inclusion of students in two-year internships, to train them in mechanical design, design automation, software development and process engineering. • SIPA maintains contacts with universities for the implementation of internships, thesis projects and other initiatives aimed at bringing students closer to the labour world. In order to encourage and strengthen relations with the territory and generational replacement, SIPA is continuing the Academy Project for the training of young people to be included as CNC operators in the production of moulds. **COMMUNITY** The Zoppas Group has been a member of an intercompany consortium since 2016, which has led to the establishment of a facility providing services to children and young people (kindergarten and infant school). The contribution to the projects is monthly.

INDEX OF COMPLIANCE WITH THE GRI

AND SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS FOR 2030

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Technical and methodological assistance: eambiente group

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