Zato®

Recycling Solutions

SUSTAINABILITY REPORT

2023

Zato®

Recycling Solutions

SINCE 1999, MACHINERY AND SYSTEMS FOR THE RECYCLING OF METALS

CONTENTS

THINK SUSTAINABLE, THINK OF THE FUTURE

Dear Stakeholders,

It is with immense satisfaction and gratitude that I address you on occasion of the presentation of the second year of the Zato Spa Sustainability Report, which is available on our website www.zato.it. I am proud to share with you the progress we are making in achieving the sustainability objectives set last year.

For each of the five material topics identified, we operated in special teams who laid the groundwork for objectives defined in the 2022 Report, which we will continue to pursue in our future work. Each team has developed and implemented concrete actions to mitigate the negative impacts of our activities, with the aim of generating environmental, social and economic benefits. Each team meets on a regular basis to evaluate achieved results.

As a company committed to sustainability, we understand the importance of adapting to new regulations and are ready to take further steps towards achieving the objectives defined by the European Commission. We have already undertaken concrete actions to align with sustainability standards defined by current legislation, including CSRD.

Our machinery is designed in compliance with emissions reduction regulations and we are exploring the adoption of hydrogen engines to further reduce the ecological footprint. Innovation has always been a driving force at Zato, further reinforced thanks to our partnership with the Polytechnic University of Milan that first began a year ago. Together we have focused on the analysis and development of new solutions for minimising environmental impacts.

We understand that maintaining a work-life balance is crucial, not only for the psychophysical well-being of our workers, but also for their productivity and motivation. We will invest in the creation of a work environment that is congenial to general well-being, providing continuous opportunities for professional development and recognising the unique value each individual contributes towards the company's success.

Our commitment to the local area in which we operate has also inspired us to undertake concrete social support initiatives. We have sponsored local sports teams and donated a power generator to the civil protection. These actions reflect our desire to actively contribute towards community well-being, by creating a positive impact that extends beyond our everyday operations.

I would like to thank each of you and all the team members for you significant contribution towards these results. Our common mission is to work together for a better future, and with your support I am certain that we can make increasingly significant and positive progress.

CHAPTER 1

ZATO: THE COMPANY

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ABOUT US

For 25 years Zato has been working to *enable circularity:* we build machinery and systems used in the ferrous and non-ferrous metal recovery and recycling industry.

Zato's business is unequivocally positioned within the virtuous cycle of circular economy. Indeed steel is a 100% recyclable material and can be recycled an infinite number of times, without losing any of its original properties. Thus it is a product that is never consumed, rather it is continuously transformed through recycling processes that make it a permanent material, which is the underpinning concept of circular economy.

This is why steel is by far the most recycled material in the world and the main solution to the current challenge arising from the exploitation of primary resources.

HEADQUARTERS
Prevalle, Brescia

USA HEADQUARTERS
Atlanta, Georgia

PRODUCTS
→ Hammer mills
→ Twin shaft shredders
→ Single shaft shredder
→ Sorting lines
→ Demolition shears and rail breakers

APPLICATIONS
These machines, used stand-alone or as part of a system organised according to the customer's requirements, are operated for the volumetric reduction, separation and cleaning of the following materials:
→ Mixed ferrous material in bulk or packs
→ Aluminium (profiles, production waste, cans, carters, etc.)
→ Pantographed parts or industrial production waste
→ Heavy metals HMs
→ Residue ASR
→ End-of-life vehicles ELVs
→ Tracks and railway scrap
→ Tyres
→ Copper wires
→ Electric Motors

TURNOVER, INVESTMENTS AND EMPLOYEES

	2021	2022	2023
TURNOVER	€27,308,000	€37,836,000	€40,063,276
EMPLOYEES	42	43	46


Zato




Zato













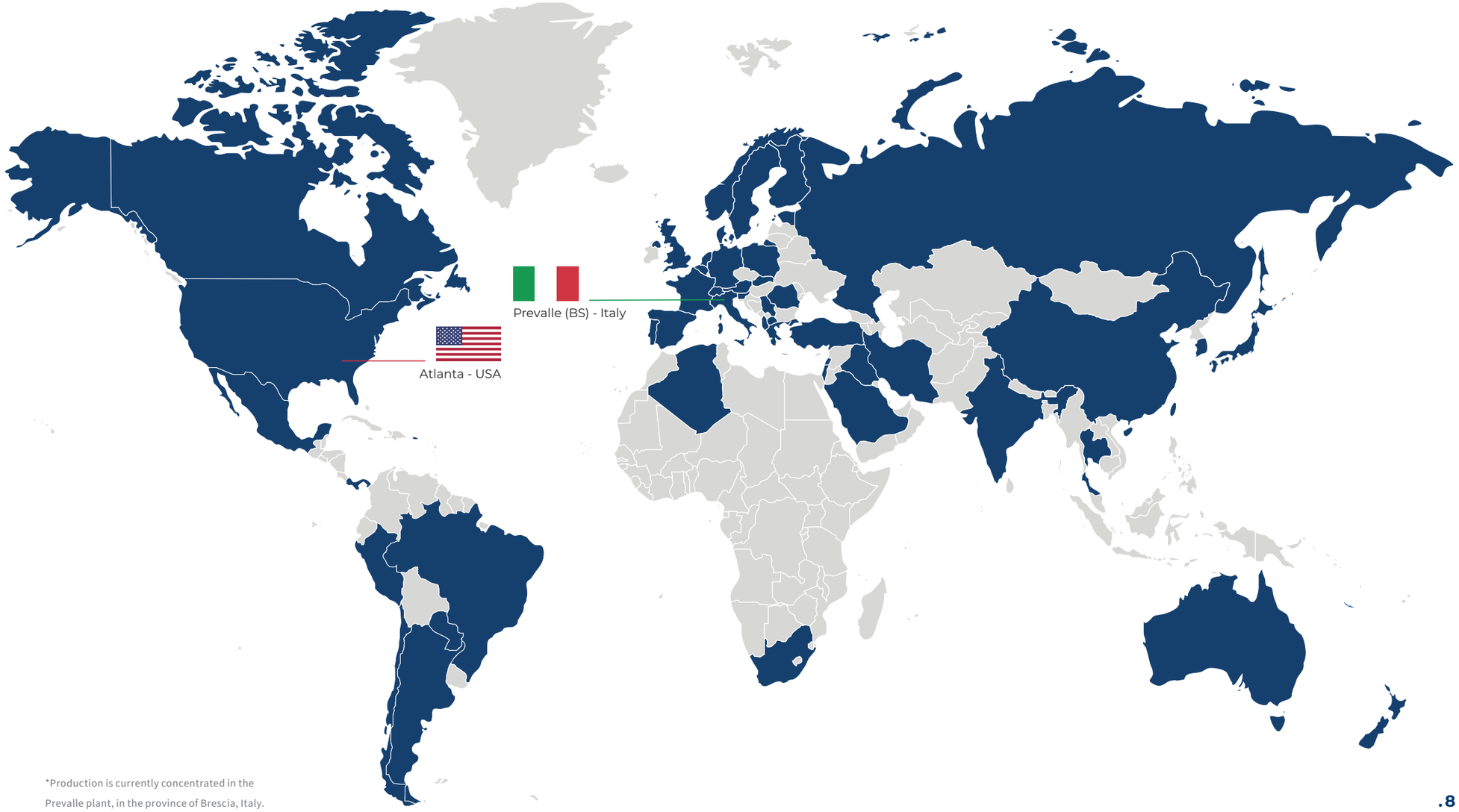




OUR MARKETS

Zato operates in over 50 Countries worldwide and specifically in the following areas: Europe, Latin America, North America, Middle East, North Africa and South Africa, Asia and Oceania.

It is based in Brescia (Italy) and Atlanta (USA).



*Production is currently concentrated in the Prevalle plant, in the province of Brescia, Italy.

HISTORY: HIGHLIGHTS

1999

Start of the production and sale of demolition sheers on the Italian market. First **twin shaft shredder.**

2000

Start of export of demolition sheers and equipment in Europe.

2001

Development of an industrial range of **twin shaft shredders.** First one sold in Italy.

2004

Introduction of the study and development of **sorting plants** for the cleaning, selection and enhancement of different metals.

2007

Company growth and consolidation on the Italian and European **markets**. Initially a manufacturer of equipment/ sheers, Zato went on to become an important player in the industrial recycling sector.

2010

Zato's industrial project undergoes significant expansion and takes on the market with the addition of a range of **hammer mills,** completing its offering of recycling machinery and systems.

2011

Expansion of the hammer mill range with the addition of new, smaller models.

2017

Consolidation of international markets and the conquering of important new market areas: Asia and the USA.

2018

Addition of new technologies for the remote measurement and management of production data: AR and 4.0 technologies.

2020

Design and construction of the **single shaft shredder.**

Expansion of the **twin shaft shredder** range with the design and construction of a model conceived for new applications.

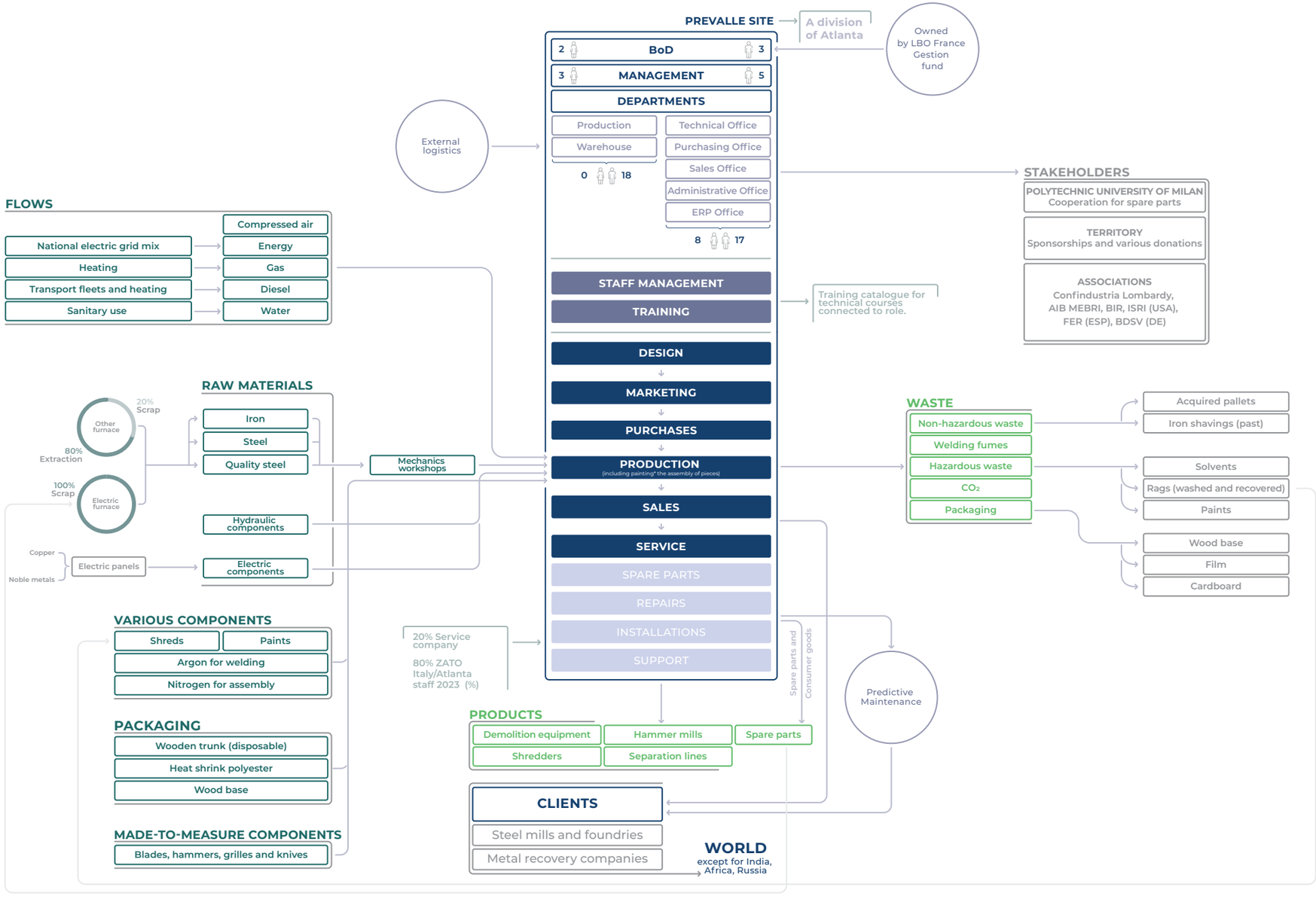
2021

Opening of headquarters in Atlanta USA, as part of a systematic approach to the American market.

2022

Acquisition of part of the company's shares by the **Private Equity Fund LBO France.**

THE ZATO SYSTEM



CHAPTER 2

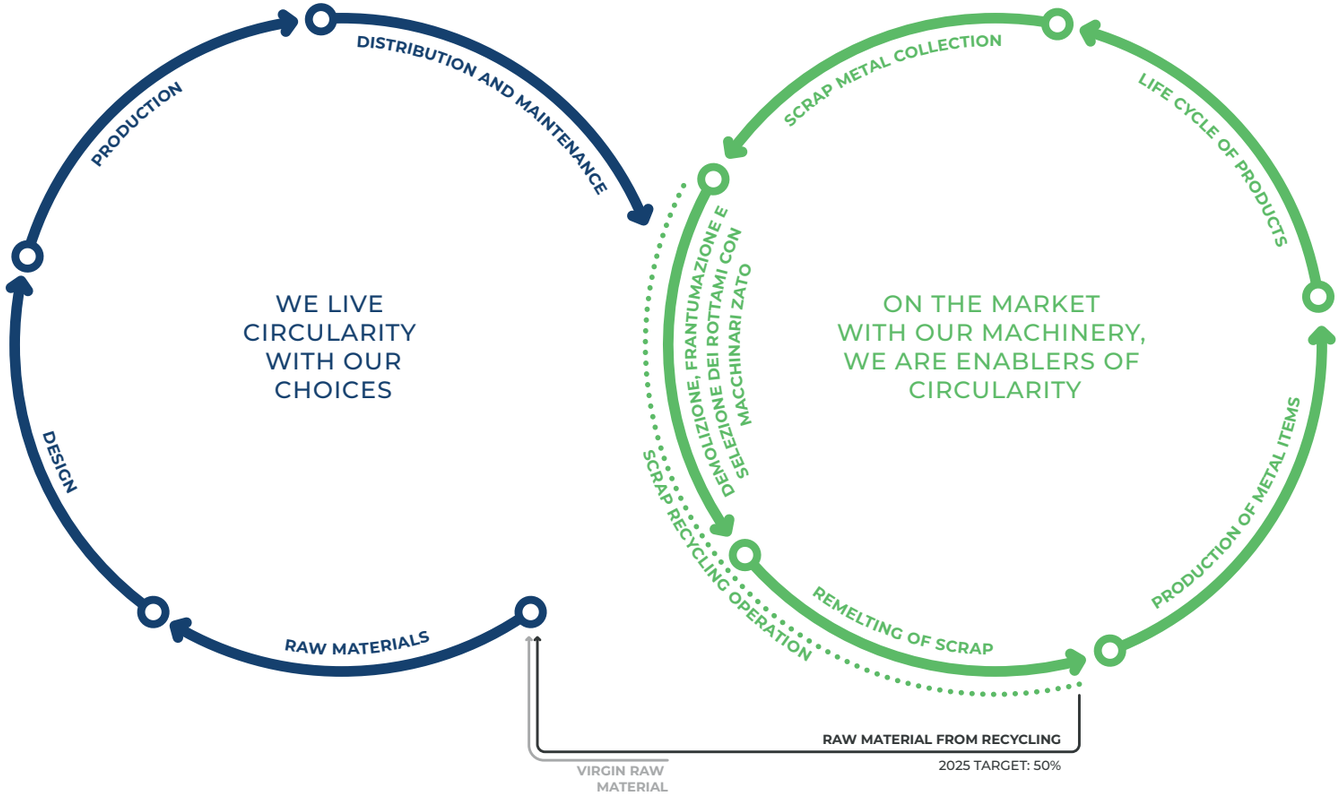
ZATO: A CIRCULAR ECONOMY ENABLER

CONTENTS

ZATO: OUR CIRCULAR ESSENCE

WE ENABLE AND LIVE CIRCULARITY

We believe that it is possible to pursue climate neutrality, regenerate resources, create economic development, social inclusion, fair and widespread equality throughout the territories we operate in. We aim to make our processes even greener and more efficient, reduce the consumption of resources and enhance our waste. We work on the construction of innovative and environmentally friendly products and services, in line with the SDGs, the sustainable development goals set out in the UN 2030 Agenda.



Zato machinery and systems are a strategic link in the metal circularity chain, as they implement a key process of recycling phases: the preparation of metal scrap destined for a new lease of life.

ZATO: OUR CIRCULAR ESSENCE

OUR VALUE CHAIN AND THE THREE PHASES OF CIRCULARITY

PHASE 1
REQUEST CIRCULARITY

Steel is the main raw material used in the construction of our machinery: the aim is to increase the percentage of this material that comes from recycling. We are forging partnerships with our raw material suppliers in order to achieve this ambitious goal. The aim is also to measure and certify the origin of material used in our machinery, in an increasingly accurate and transparent way.

Connected material topics
- → Raw material and (eco)system
- → Well-being and engagement

Generated positive impacts
- → Lightening of environmental load due to the use of virgin material
- → Lightening of exploitation of energy resources, water and material
- → Economic stability at a local level

PHASE 2
DEVELOP CIRCULARITY

Not throwing materials and products away, and using them for as long as possible: these are key circular economy characteristics. So, at Zato we promote innovative machinery and component design, as well as the selection of materials to ensure their durability, usability and good quality over time, to provide for and enable re-use cycles, actual repairability, along with complete and facilitated recyclability. We also use specific software to rapidly elaborate data and information arriving from all installed machinery, thus providing our customers and service partners with effective, efficient and sustainable support for maintenance activities.

Connected material topics
- → Climate and atmosphere
- → Raw material (re)generation
- → Growth and new competencies
- → Well-being and engagement

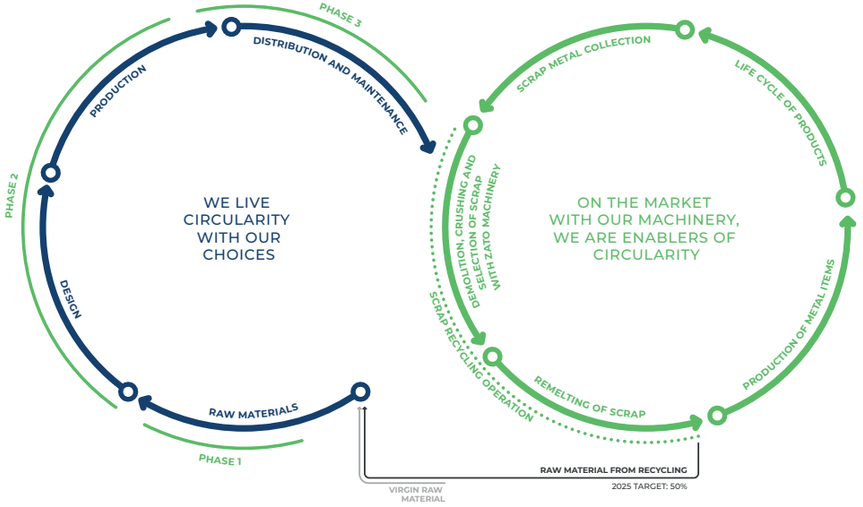
Generated positive impacts
- → Lightening of exploitation of energy resources, water and material
- → Technological innovation
- → Creation of green jobs
- → Development of new competencies
- → Promotion of equality in salaries and contracts
- → Flexibility and work-life balance

PHASE 3
INCREASE CIRCULARITY

In using scrap as a veritable raw material to produce new iron and steel, not only does the steel industry preserve energy, emissions, raw materials and natural resources, it also reduces its impact on the environment. By making its technologies accessible to increasingly broad market segments, Zato is tangibly contributing towards the entire industry's green transformation, concretely supporting a cleaner economy.

Connected material topics
- → Raw material (re)generation
- → Growth and development of new competencies

Generated positive impacts
- → Lightening of exploitation of energy resources, water and material
- → Increased education of the market regarding the recoverability of materials
- → Creation of green jobs
- → Creation and distribution of economic value



EACH PRODUCT PLAYS ITS PART

At the end of its life cycle, iron scrap can be transformed once more through specific melting processes.
Zato acts just before this melting process, suitably preparing scrap in a few crucial steps:
→ size reduction - to facilitate melting and avoid furnace damage
→ cleaning and separation based on chemical characteristics - to improve the quality of casting and atmospheric emissions.

MACHINERY AND SYSTEMS FOR VOLUMETRIC REDUCTION

DEMOLITION SHEARS

Cayman Demolition Sheers effectively respond to the size reduction and demolition requirements of the market with an extensive range of models for the management of scrap of various sizes and origins. Their field of action ranges from bars, tracks to bulky and large-sized scrap: ships, bridges and buildings.

TWIN SHAFT SHREDDERS

Blue Devil twin shaft shredders are designed to deliver the most efficient and robust solution for the shredding of medium-light ferrous and non-ferrous scrap. They are the most representative machine of Zato's industrial history and respond to a market requiring smart and effective technology conceived for heavy duty operation and high added value of the finished product. They are effectively applied to all mixed medium/light scrap, vehicles and many other collected materials, with the dual objective of reduction and preparation for separation.

SINGLE SHAFT SHREDDERS

Single shaft industrial shredders are used to reduce aluminium and iron material. These machines are designed for those who wish to process light materials to obtain a specific size, set by means of a grille in the shredding chamber.

HAMMER MILLS FOR METALS

Zato's range of Blue Shark hammer mills for the shredding of metals guarantees maximum reduction results. Our Blue Shark hammer mills are renowned for their efficiency and installability, even in the smallest of spaces. A range of products designed in response to market requests, the effectiveness of which is further enhanced by a downstream sorting plant.

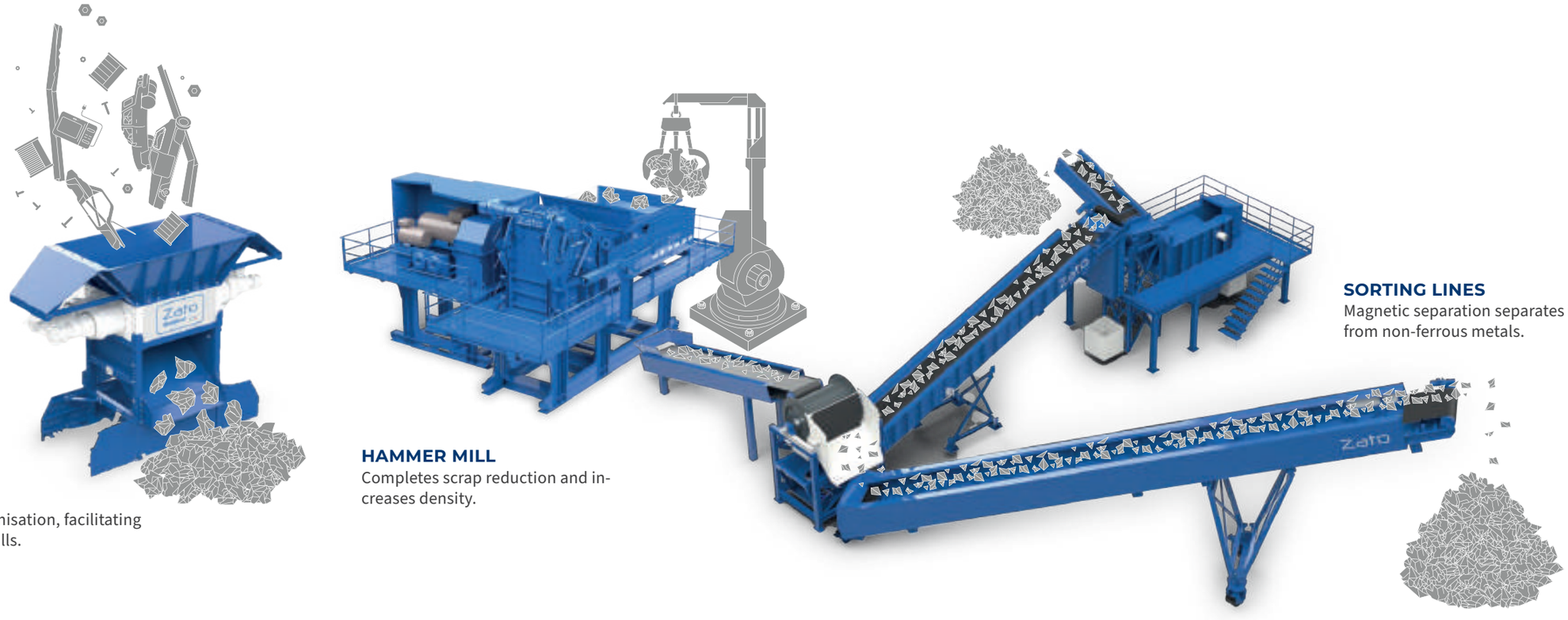
SORTING AND CLEANING LINES

METAL SORTING PLANTS

Blue Sorter plants play a crucial role in perfecting the scrap treatment enhancement process initiated by Blue Storm, Blue Devil and Blue Shark, and completes the process by removing impurities and separating different fractions of raw materials.
Sorting plants can be fitted with various selection systems for different materials.

- → Iron removers (magnetic drums, magnetic pulleys Overbelts) for iron recovery
- → Sorters or ECS or eddy-current sorters for non-ferrous materials
- → Sensor sorters (recovery of cables/stainless steel)
- → X Ray Sorters (separate different materials according to density, used above all for aluminium)
- → Thus shredded material can be cleaned, with the extraction of various types of metals and materials, securing the material's value in terms of homogeneity and purity, which is particularly appreciated by producers of special steels.

WE ENABLE CIRCULARITY WITH OUR MACHINERY



PRE-SHREDDER
Bulky scrap size optimisation, facilitating the job of hammer mills.

HAMMER MILL
Completes scrap reduction and increases density.

SORTING LINES
Magnetic separation separates iron from non-ferrous metals.

ADDITIONAL SORTING TECHNIQUES INCLUDING:
sorters, or ECS, sensor or x ray sorters, used to perfect the cleaning of material.

DIGITAL SERVICES

TECHNOLOGIES TO SUPPORT THE REMOTE MAINTENANCE AND INSTALLATION OF ZATO MACHINERY AND SYSTEMS

AUGMENTED REALITY AR

AR (Augmented Reality) technology perfects and speeds up the concept of information and technical instruction exchange, creating a direct and continuous thread worldwide. Indeed support, assistance and guidance for all the following crucial activities can now be provided in real time from our head office:

- → **Installation**
- → **Assembly**
- → **Maintenance**
- → **Assistance**
- → **Training**

SMART GLASSES

These are veritable wearable computers, equipped with a high definition photo camera and display positioned above the right eye. This display provides enhanced reality vision, in which helpful virtual elements are superimposed on the actual field of vision. This tool is applied in particular for high-precision tasks, enabling careful observation of the slightest details without distracting from the job at hand.

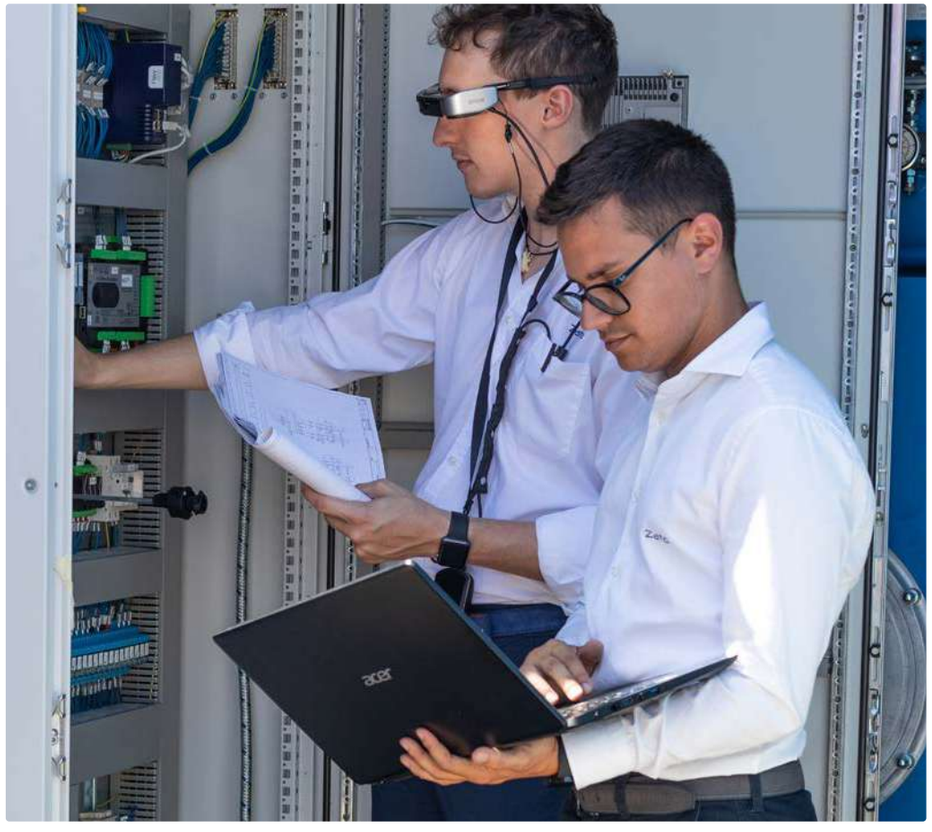
PRODUCTION MONITORING

With the digital systems installed in our machinery, we obtain data and analyses that are important for improving system workflows, thus supporting our customers in the monitoring of their production processes. There are several objectives to providing digital control over the entire work cycle of our machinery:

- → **Monitoring machinery production and efficiency by controlling input material, to improve occupational safety and productivity**
- → **Planning maintenance to minimise intervention times and downtime**
- → **Fulfilment of industry 4.0 information circularity requirements**

PREVENTIVE MAINTENANCE

By identifying one or more parameters measured and elaborated by the control system, with the use of appropriate mathematical models, we are able to define the remaining time before the breakage of a part due to wear, and plan maintenance operations accordingly.



THE CODE OF ETHICS

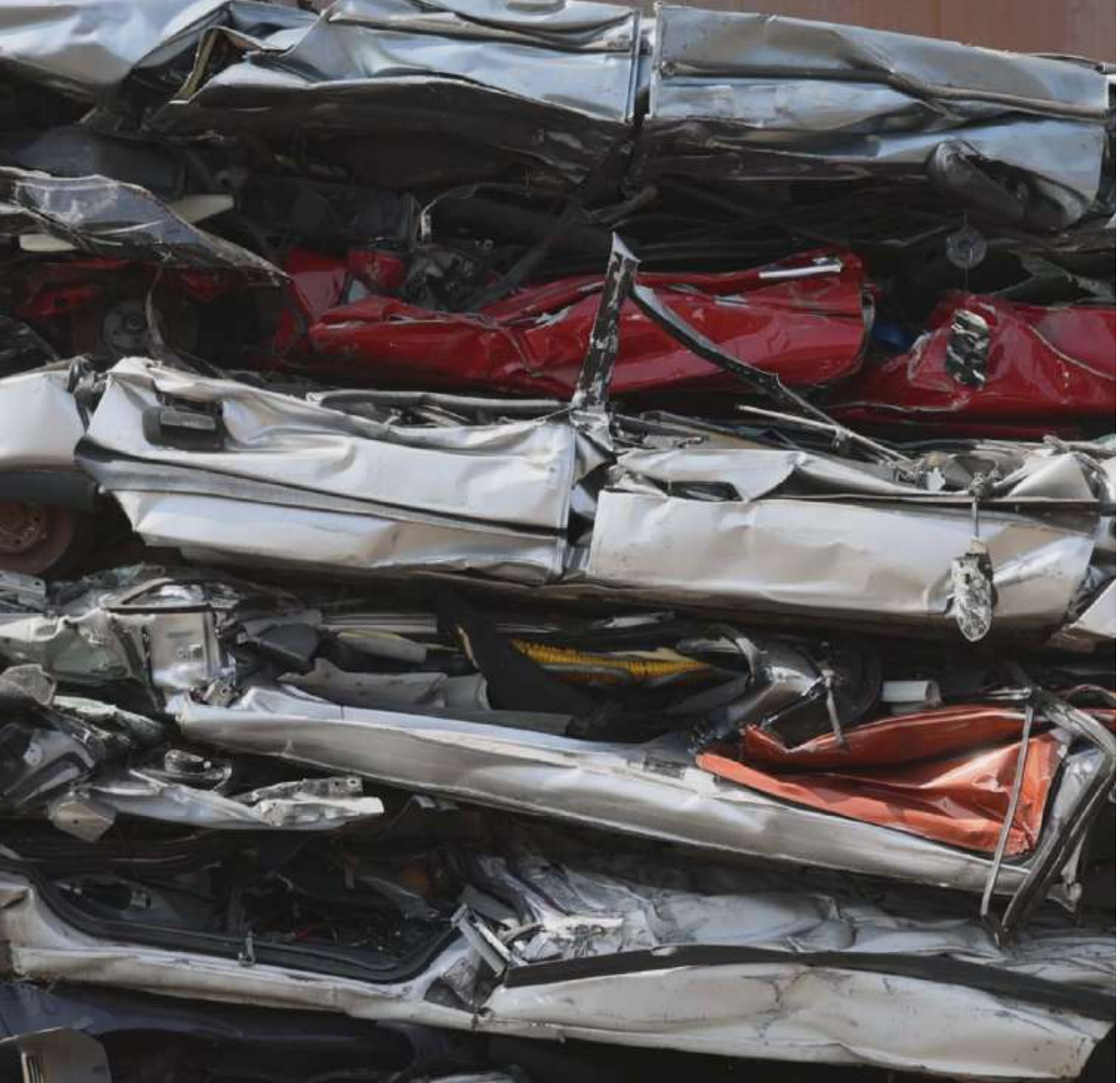
Zato prepared its very own Code of Ethics in 2016 and this year Management felt it was time to update it, to better reflect values regarding sustainability and the environment, intrinsic to the company's ethos since its inception.

We believe the new Code of Ethics expresses the company's fundamental values, which are legality, honesty and transparency, as well as its characterising values, i.e. commitment to occupational health and safety, environmental protection and the development of an industrial scenario based on the recycling and recovery of material.

The Code of Ethics was added to **Model 231** (already adopted in 2019), as an integral part of it.

The new Supervisory Body was elected by the Board of Directors on 28/02/2023 and is tasked with intervening on regulations in order to enhance pragmatism, in particular in the implementation of employee promotion and training activities, through specific courses and meetings on the risks of offences linked to the company's sector of operation.

In order to ensure maximum model implementation, the Supervisory Body is also tasked with conducting investigations, verifications and inspections, both periodically and in response to specific requests, for example in the event of reports, which professionals can submit using the whistleblowing mechanism.



CHAPTER 3

SUSTAINABILITY MANAGEMENT AT THE COMPANY

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MATERIAL TOPICS: VISIONS AND OBJECTIVES

Five significant, or material topics emerged from our impact analysis and evaluation process. We consider them to be the cornerstones for the development, support and monitoring of our sustainability plan.
In our first reporting cycle we described the projects and visions developed in previous years. In 2023 we pursued the objectives defined in our first report; the results of these projects are described and relative data are presented in specific chapters. In the next few years we aim to further evolve these projects, as part of a more effective response to needs, and to minimise our negative impacts while strengthening positive ones.
Here follows a presentation of the vision we wish to pursue for each of these topics in the next few years, together with the priority objectives we aim to achieve. Compared to last year, we have honed our vision to focus on the topics "Growth and New Competencies" and "Well-being and Engagement", thanks to company developments. Visions pertaining to the first three topics have remained unchanged insofar as they continue to be important and guide our future developments.

CLIMATE AND ATMOSPHERE

We are committed to reducing our impact in terms of direct and indirect greenhouse gas emissions. We can contribute towards safeguarding our climate and the atmosphere we live in:

- through the primary material we select and the energy that powers us;
- ensuring that those who use our machinery can process and recycle materials efficiently, giving them a new lease of life;
- thanks to energy efficiency enhancement gestures great and small, within our production process.

OUR OBJECTIVES

- Reduce energy consumption and progressively move away from fossil fuels
- Provide further information on Scope 3 emissions calculation
- Build a plan for climate change adaptation

RAW MATERIALS AND (ECO)SYSTEM

We are committed to developing a responsible supply chain that is invariably based on the use of recycled and recyclable raw materials. We are committed to reducing the environmental impact of our production processes and contributing towards the sustainable management of available resources.

We recognise that cooperation and communication are essential for building a better ecosystem. We are working in increasingly close contact with our providers, sharing our sustainability expectations and establishing a relationship of mutual trust.

OUR OBJECTIVES

- Increase the proportion of steel from recycling to 50% in our machinery and parts by 2025
- Reduce the quantity of packaging
- Develop a responsible supply chain for components and support materials
- Reduce and mitigate the production of hazardous waste

RAW MATERIAL (RE)GENERATION

We produce and are committed to constantly improving machinery that is accessible to everyone: smaller, simpler, more responsible and which operates through proximity economics, for more widespread recycling and recovery activities.

We believe in the regeneration of raw material and wish to turn it into an asset for all companies operating in the field of recycling

OUR OBJECTIVES

- To make scrap shredding machinery available to more and more markets
- Increase the efficiency of our machinery
- Formalise partnerships for innovation

GROWTH ND NEW COMPETENCIES

We are committed to being enablers of a (re)generative future; we believe in the potential of our industry and in the huge application possibilities.

For us this all translates into accompanying development and the integration of specific competencies, to support the transition we are operating in.

We are committed to ensuring every single function at our company feels a part of this change and wish to support them along a pathway of professional growth.

OUR OBJECTIVES

- Define skills development plans linked to processes supporting circularity
- Implement a process for the integration of organisational development with production processes
- Involve employees in sustainability development at the company

WELL-BEING AND ENGAGEMENT

We aim to become a reference model in the local area with reference to workplace well-being, support for the people who work with us and their families, and the company's involvement in local entities.

We believe that a proactive commitment to the health and work-life balance of our workers is the only way to achieve mutual trust.

We believe that undertaking a process of deep involvement of all stakeholders is the only way to co-create value and start working together towards common objectives

OUR OBJECTIVES

- Activate a value management system for employees and integrate the value offered to workers to their benefit
- Maintain zero injuries
- Increase engagement with the territory

OUR COMMITMENT

Our ambition is to be a company that supports the recycling market by responding to the needs of our customers and the challenges our Planet is presenting us with.

Our vision and commitment are reflected in our material topics through the continuous synergy with our suppliers and customers and cooperation with the world of research, ensuring users of our machinery can efficiently process and recycle materials.

We all work together to translate this commitment into a concrete resul by:
- → contributing towards safeguarding our climate and the atmosphere we live in,
- → attention to a responsible supply chain that is increasingly based on the use of recycled and recyclable raw materials.
- → an offering of machinery that is accessible to everyone, enabling the circularity of our customers
- → a program of company and market growth thanks to new competencies supporting the transition we operate in.
- → attention to the health and work-life balance of our workers

As a member of the local community, Zato feels a sense of duty to cooperate with its stakeholders, which play high-impact role in the value chain and enable increasing company innovation.

There are still many goals to be addressed in order to remain faithful to our ambition and vision of sustainability. However we are certain that this pathway, supported by the cooperation of all people of the Zato network, will enable us to express our ideas, shaping our pursuit of business.

We can only enable circularity within our sector and for global communities through continuous cooperation with experts and the involvement of our chain in striving for common objectives.

SUSTAINABILITY GOVERNANCE

2023 was an important occasion for Zato to consolidate and define sustainability governance in the company with greater clarity. A permanent work group was established, consisting of three key members (the Chief Executive Officer, Marketing and Human Resources), which acts as the fulcrum for the achievement of all sustainability objectives, involving different company figures.
At a managerial level, this group is tasked with achieving objectives, supervising, defining and managing operative actions. In leadership terms, it is responsible for achieving previously defined visions.

Dynamic and adaptable work groups were established for each of the five material topics defined, each consisting of members chosen according to their operative function and the management of contents. They meet regularly to evaluate progress towards the achievement of defined objectives and progress of undertaken actions. These meetings enable an adaptation of the approach towards actions based on more recent discoveries and emergent needs, thus ensuring flexibility and adaptability in the sustainability strategy implementation process.
For LBO France, a private equity fund that entered the capital participation in September 2022, environmental, social and governance criteria frame and guide investment decisions, development plans and collective projects.
LBO France integrates ESG topics in cooperation with the company portfolio management team through a supportive and open approach, respecting the company culture it operates in. In the approach to sustainability management and reporting, it was involved in the validation and assessment of impacts, risks and opportunities. The fund was also involved in defining the company's position and vision for each material topic, the approval of operative objectives and the implementation plan. Although the defined work group will remain in charge of the sustainability strategy, the aim is for each employee at the company to be informed and educated on these topics. An internal team has been defined and tasked with managing the company's ESG and sustainability strategy, ensuring the system can continue to operate and be generative.

↓

Board of Directors (BoD): manages the company's powers, except for in cases established by the law. It is made up of 3 men and 2 women.

IMPACTS, RISKS AND OPPORTUNITIES

MATERIAL TOPICS

THE PROCESS FOR DEFINING MATERIALITY

1. We analysed possible areas of impact, also taking into account the link to UN Sustainable Development Goals: the image on the next page enabled us to broaden our overall vision, guiding us in identifying effects that are more distant and less visible, or not explicitly connected to our everyday and direct operations at the company.

2. We applied this analysis key to our company system. In exploring each part of our system, identifying its characterising actions and direct results, we prepared an initial list of positive and negative, potential and actual, direct and indirect impacts. We identified 30 negative impacts and 23 positive impacts.

3. The list of impacts was validated through stakeholder involvement. For this first edition we selected a limited group of customers, suppliers, representative bodies, government and supervisory bodies, academics, means of communication, competitor Companies of the industry.

4. After list validation and, whenever necessary, completion, we proceeding with impact assessment in order to determine our materiality profile. A sustainability team is significant in terms of impact when it is capable of identifying, grouping together and describing the company's real or potential, positive or negative impacts on people or on the environment, in the short, medium and long term.

5. Impact severity assessment was conducted by the central work group in conjunction with the BoD and with the involvement of two stakeholders, representatives of the academic world and of associations. We then formalised the results, including all "critical" (5), "significant" (4) and "important" (3) negative impacts and positive results in the definitive list. The definitive list, which will be presented in the following pages, covers a total of 11 negative and 11 positive impacts.

6. Lastly, also considering the ESG risks and opportunities determined by means of the preliminary performance analysis of our group, we grouped together aspects and defined the 5 material topics guiding the structuring of our sustainability strategy and reporting.

*Negative impact assessment is based on the sustainability due diligence process defined in the international instruments of the United Nations guiding principles on business and human rights and the OECD guidelines for multinational enterprises. Refer to the annex for further information on methodology.

DUAL MATERIALITY

Defining a sustainability strategy and preparing a sustainability report required us to work on defining our materiality profile. In doing so we started with the concept of impact: an impact is the effect we have as a company, through certain actions and choices, on the economic system, environment and people, including on their human rights, which in turn indicate the (negative or positive) contribution we have towards sustainable development. We then concentrated on external influence factors, which could potentially have an effect on our company activities. These factors were formulated as risks and opportunities linked to the macrotopic of sustainability.

PROCESS TO DEFINE MATERIAL TOPICS

1. Sustainability context analysis
2. Company system analysis
   list of positive and negative impacts
3. Involvement of stakeholders in impact
   validation and assessment
4. Involvement of the work group,
   BoD for impact assessment
5. Preliminary analysis of risks and
   ESG opportunities
6. Definition of materiality profile

This representation was used to define Zato's first list of impacts, to be validated with stakeholders. In general, the classification of impacts as explained in the graph provided the company and work group with basic information on the six possible impact areas in which its activities may have an effect, also linking them to the 2030 Agenda.

IMPACT MATERIALITY

MATERIAL TOPIC	CLASSIFICATION	IMPACT	IMPACT MATERIALITY
CLIMATE AND ATMOSPHERE	DIRECT ⊖	Global warming	
	INDIRECT ⊕	Decarbonisation of metal supply chain	
	DIRECT ⊖	Deterioration of air salubrity	
RAW MATERIAL AND (ECO)SYSTEM	DIRECT ⊖	Increased environmental load due to non-recoverable waste	
	INDIRECT ⊖	Potential negative effects due to end of product life	
	INDIRECT ⊖	Lack of respect for rights over land and resources	
	DIRECT ⊖	Water resource shortages (mechanical processing activities)	
	INDIRECT ⊖	Water resource shortages (mining activities)	
	INDIRECT ⊖	Damage to natural balance	
	INDIRECT ⊖	Rare lands (electric panels)	
	INDIRECT ⊖	Loss of biodiversity	
	INDIRECT ⊖	Damage to physical and psychological health of worker (value chain)	
(RE)GENERATION OF RESOURCES	INDIRECT ⊕	Increased recycled material (metals) in circulation	
	INDIRECT ⊕	Lightening of exploitation of energy resources, water and material	
	INDIRECT ⊕	Increased biodiversity - Lightening of environmental load due to virgin material	
	DIRECT ⊕	Technological innovation on and for the market	
	INDIRECT ⊕	Increased education of the market regarding the recoverability of materials	
GROWTH AND NEW COMPETENCIES	DIRECT ⊕	Creation of green jobs	
	DIRECT ⊖	Potential shortcomings in the development of competencies (training)	
WELL-BEING AND ENGAGEMENT	DIRECT ⊕	Economic stability at a local level	
	DIRECT ⊕	Promotion of equality in salaries and contracts	
	DIRECT ⊕	Flexibility work-life balance	
	INDIRECT ⊕	Creation and distribution of economic value	
	DIRECT ⊖	Damage to physical and psychological health of workers (internal)	
	DIRECT ⊖	Potential shortcomings in the development of competencies (training)	
	DIRECT ⊖	Potential non-guarantee of diversity	
	INDIRECT ⊖	Increased environmental load due to disposal of plastic and electric panels	
	DIRECT ⊖	Use of metals for hydraulic components	

KEY

- Critical impact
- Significant impact
- Important impact
- Informative impact
- Minimum impact

- Environmental impact
- Social impact
- Governance impact

- Positive impact ⊕
- Negative impact ⊖

↑ MATERIAL IMPACTS

↓ NON-MATERIAL IMPACTS

FINANCIAL MATERIALITY

MATERIAL TOPIC	RISK	OPPORTUNITY	RISK/ OPPORTUNITY	FINANCIAL MATERIALITY
CLIMATE AND ATMOSPHERE	●		**Damage linked to adverse climate events** *Detail: Potential events for which there is no analysis plan*	
	●		**Non-compliance with stakeholder requests** *Detail: With reference to measuring the CO_2 footprint of products*	
RAW MATERIAL AND (ECO)SYSTEM	●		**Exposure to ESG non-conformities of the steel supply chain** *Detail: For which chain of custody construction is complex*	
		●	**Saving of material and economic resources for the creation of packaging** *Detail: Through the recovery of any packaging from customers*	
		●	**Chance to ensure certified recycled material closing cycles with clients** *Detail: Recover metal (steel) required for the construction of machinery*	
		●	**Integrated supply chain proximity** *Detail: Undertaking circular economy-oriented co-design pathways with made-to-measure component suppliers*	
(RE)GENERATION OF RESOURCES		●	**Growth of recycling practices in the markets** *Detail: Market in expansion with respect to Zato service offering*	
		●	**Sustainability as a powerful communication tool** *Detail: Therefore it is necessary to understand the main topics to communicate to the client/ prospect*	
		●	**Circularity as a competitive advantage** *Detail: Circular innovation of product and business, in addition to circularity as an enabling factor, boosting the circularity of clients*	
		●	**Market willing to invest in sustainability** *Detail: Chanel for engaging in dialogue with clients, not only based on commercial aspects*	
GROWTH AND NEW COMPETENCIES		●	**Attract qualified staff through sustainability** *Detail: Given the willingness of generations X and Z to assess the orientation of the company's sustainability in choosing a job*	
WELL-BEING AND ENGAGEMENT	●		**Isolation of territory** *Detail: Lack of institutional relationships*	

KEY

5. Critical level
4. Significant level
3. Important level
2. Informative level
1. Minimum level

CHAPTER 4

CLIMATE AND ATMOSPHERE

VISION

We are committed to reducing our impact in terms of direct and indirect greenhouse gas emissions.
We can contribute towards safeguarding our climate and the atmosphere we live in:

- → Through the primary material we select and the energy that powers us;
- → Ensuring that those who use our machinery can process and recycle materials efficiently, giving them a new lease of life.
- → Thanks to energy efficiency enhancement gestures great and small, within our production process.

CONTENTS

WHY IT IS IMPORTANT

Global warming is affecting our world. The dangers it brings threaten our ability to exist on the Planet as we have done until now, and require mitigation and adaptation efforts.

Despite the ominous warnings of the eighties and nineties, from 1991 to now we have emitted more CO_2 than in all of human history.

In 2015, 195 states ratified the Paris Agreement, requiring the maintenance of global warming well under 2°C and ideally below 1.5°C compared to pre-industrial age levels. However we are still not on track to achieving this goal.

Alone, none of us, no company or Country, causes global warming alone. Just like none of us, alone, can trigger a change that can lead to the achievement of goals. However, the impotence of individual action is what should spur each of us into action.

CLASSIFICATION

DIRECT	INDIRECT	⊖
	INDIRECT	⊕
DIRECT		⊖

RISK	OPPORTUNITY
●	
●	

IMPACT

Global warming
Decarbonisation of metal supply chain
Deterioration of air salubrity

IMPACT MATERIALITY

RISK/ OPPORTUNITY

Damage linked to adverse climate events
Detail: Potential events for which there is no analysis plan
Non-compliance with stakeholder requests
Detail: With reference to measuring the CO_2 footprint of products

FINANCIAL MATERIALITY

OUR APPROACH

POLICY AND MANAGEMENT

ENERGY CONSUMPTION MONITORING

Consumption is monitored by checking bills. Consumptions are generated by machinery operating in the workshop (bridge cranes, fork-lift battery chargers, angle grinders, welders, lighting...) and in the management of office facilities (heat pumps, work stations, lighting, servers, printers...).

GAS AND DIESEL CONSUMPTION MONITORING

Gas consumption is monitored by checking bills, whereas diesel consumption is monitored by means of a cost-specific centre. Gas consumption is entirely due to company heating. Instead, diesel consumptions are due to the refuelling of the generator used in production for initial start-up and testing of plants.

MANAGEMENT OF PAINT FUMES

The painting cabin is fitted with aspiration systems with relative filtering of fumes, vapours and other particles. Upon reaching a specific number of operating hours, this system is automatically blocked, notifying the maintenance operator that intervention is required. The system sends a notification alarm a few hours before the block.

REMOTE ASSISTANCE

We have been working with our clients for years, supporting them in the installation of Zato plants and machinery, as well as in remote maintenance. This has limited the travel and transport of people and goods to the strictly necessary.

FLEET CONSUMPTION MONITORING

Fuel consumption is monitored with a special cost centre for single vehicles and relative fuel cards. Company fleet fuel consumptions are generated by vans for service and production, company vehicles for middle management figures and a couple of vehicles for common use.

PROJECTS AND RESULTS

ELECTRIC POWER 100% FROM RENEWABLE SOURCES

Since 2023 the company has been using electricity 100% from renewable energy sources. This has enabled us to zero our scope 2 indirect emissions.

TRANSPORT EFFICIENCY AND LOAD CAPACITY IMPROVEMENT

Transport management is oriented towards the handling of the item and pre-assembly resources. In order to minimise emissions, staff travel for installation and support purposes is limited due to remote operation, enabled by distance technologies and sensors.
Moreover, in order to optimise the use of space during transoceanic transport, a significant reduction of the Blue Devil loading hopper was implemented. This change enabled a 25% reduction of loading spaces, equivalent to a flat.

COMPANY FLEET

We conducted an in-depth "sustainability" analysis on the vehicles of our company fleet, using technical inspection criteria and the principle of not causing significant damage, of the European Financial Taxonomy Regulation. These criteria set numerical thresholds for atmospheric pollution and CO2 emissions that must be met for transport by motorbikes, cars and light commercial vehicles, as defined by economic activity 6.5 in delegated regulation 2139/2021.

From the analysis it emerged that, with the exception of three vehicles and a van currently being decommissioned, all vehicles comply with thresholds set in the Taxonomy Regulation, in terms of atmospheric pollution (based on what is set forth in (EU) Regulation 2018/1832). It is important to note that our fleet mainly includes endothermic vehicles, except for a hybrid van purchased in 2022.

We updated our vehicle purchasing policy in response to these results. The new directives establish that our fleet must include, whenever possible, electric or alternatively hybrid vehicles. The compliance of all vehicles with the principle of "not causing significant damage" is mandatory for the objective linked to pollution, established in the delegated regulation on Climate Change of European Financial Taxonomy (delegated act 2139/2021, economic activity 6.5)

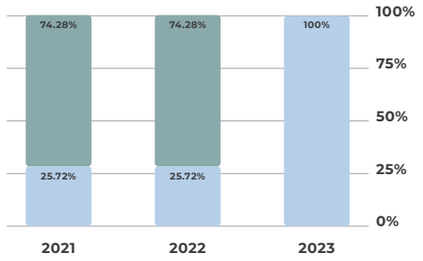
MAPPING "ENERGY BEHAVIOURS"

In order to raise the awareness of all workers on the topic of energy, we conducted a series of interviews and dialogues to map "energy behaviours" and assess whether to implement an energy management protocol. It emerged that there is a high level of awareness of energy saving topics and that those who work at Zato are mindful and proactive. Suggestions were collected and submitted to the central group tasked with sustainability, for the purpose of preparing an overview. With reference to formalisation, the creation of a protocol was deemed unnecessary, rather the decision was made to pursue the broader topic of sustainability, with reference to training.

PROJECTS AND RESULTS

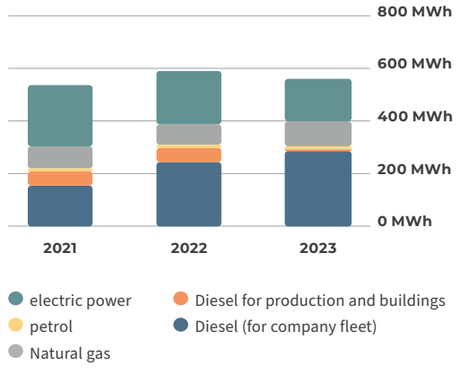
RENEWABLE AND NON-RENEWABLE ELECTRIC POWER CONSUMPTION

GRI 302-1



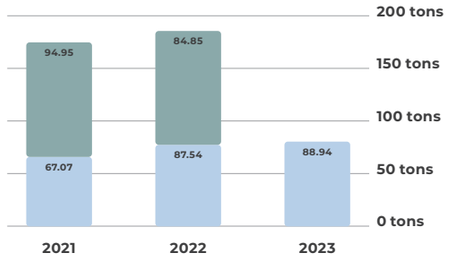
ENERGY CONSUMPTION PER TYPE

GRI 302-1



SCOPE 1 AND 2

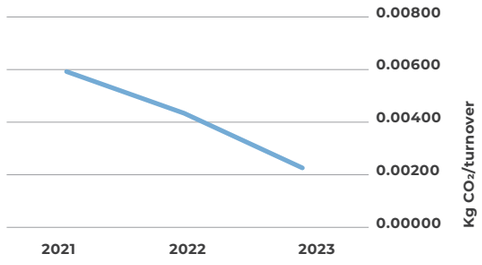
GRI 305-4



In the first quarter of 2023 we also worked on the calculation of our indirect Scope 3 emissions. Further details on results and calculation methods are provided on page 59 of the annex in this report. The results of this first calculation highlight the importance of pursuing pre-set objectives in the context of our steel procurement action plan, which will be discussed in the chapter "Raw material and (eco)system".

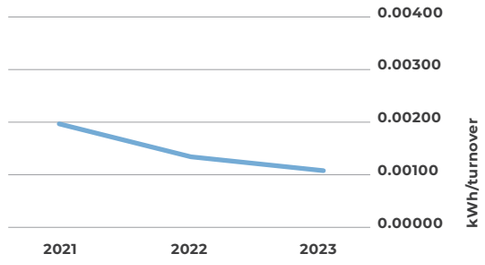
GREENHOUSE GAS EMISSIONS INTENSITY (SCOPE 1 AND 2)

GRI 305-4



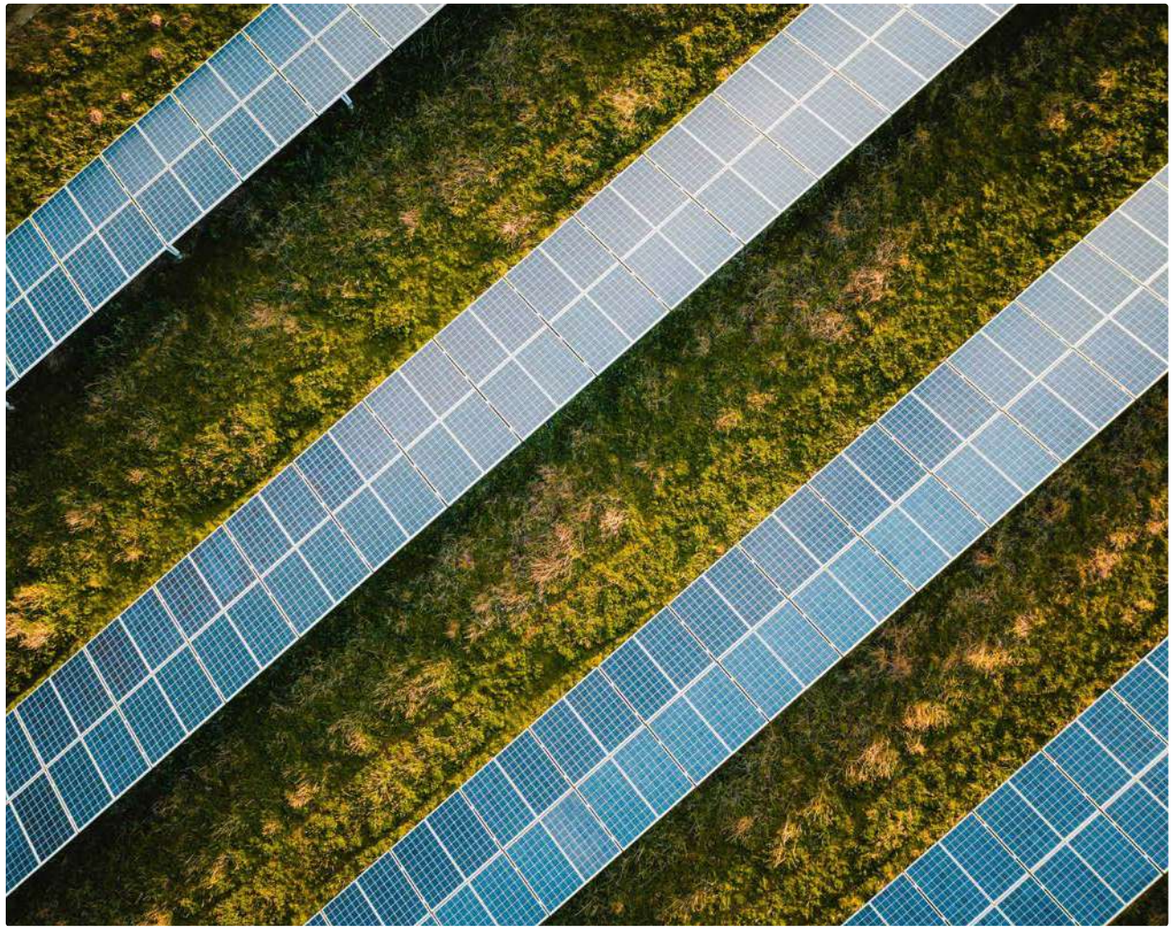
ENERGY INTENSITY

GRI 303-2



ROADMAP FOR OBJECTIVES

OBJECTIVES		ROADMAP
Reduce energy consumption and progressively move away from fossil fuels	→	Together with logistics providers, explore their commitment in terms of fuel consumption and emissions reductions and evaluate whether their have a strategy for reducing/ compensating their greenhouse gas emissions. Work with hosting providers that power their data centres with renewable energy for data storage. Create an energy management protocol.
Provide further information on Scope 3 emissions calculation	→	Build a sound data collection to enable the calculation of greenhouse gases



CHAPTER 5

RAW MATERIALS AND (ECO)SYSTEM

VISION

We are committed to developing a responsible supply chain that is invariably based on the use of recycled and recyclable raw materials. We are committed to reducing the environmental impact of our production processes and contributing towards the sustainable management of available resources.

We recognise that cooperation and communication are essential for building a better ecosystem. We are working in increasingly close contact with our providers, sharing our sustainability expectations and establishing a relationship of mutual trust.

CONTENTS

WHY IT IS IMPORTANT

The metal sector is under increasing environmental and social pressure, in a complex scenario of regulations and interested parties. The nature of ESG criteria is changing and risks have become strongly entwined with economic, competitive and technological changes. Anticipating financially significant ESG issues of the future and assessing how company strategies, business models and assessment must be adapted, is essential. Companies can adopt a proactive approach to identify opportunities, while also managing long-term risks.

Iron, aluminium and stainless steel are the main materials used for the construction of machinery, while electronic components, hydraulic material and other plastic materials are used for the completion and correct operation of machinery. Demand for the traceability of these materials along the entire value chain will continue to rise.

In the context of circular economy, in the last few years Zato has raised staff awareness on cardboard packaging recycling.

CLASSIFICATION	IMPACT	IMPACT MATERIALITY
DIRECT	Increased environmental load due to non-recoverable waste	
INDIRECT	Potential negative effects due to end of product life	
INDIRECT	Lack of respect for rights over land and resources	
DIRECT	Water resource shortages (mechanical processing activities)	
INDIRECT	Water resource shortages (mining activities)	
INDIRECT	Damage to natural balance	
INDIRECT	Rare lands (electric panels)	
INDIRECT	Loss of biodiversity	
INDIRECT	Damage to physical and psychological health of worker (value chain)	

RISK	OPPORTUNITY	RISK/ OPPORTUNITY	FINANCIAL MATERIALITY
●		**Exposure to ESG non-conformities of the steel supply chain** *Detail: For which chain of custody construction is complex*	
	●	**Saving of material and economic resources for the creation of packaging** *Detail: Through the recovery of any packaging from customers*	
	●	**Chance to ensure certified recycled material closing cycles with clients** *Detail: Recover metal (steel) required for the construction of machinery*	
	●	**Integrated supply chain proximity** *Detail: Undertaking circular economy-oriented co-design pathways with made-to-measure component suppliers*	

OUR APPROACH

POLICY AND MANAGEMENT

WASTE MANAGEMENT

Waste is exclusively collected by an authorised company. We process the following types of hazardous waste: rags, paint and diluent waste, shavings, filters, spent oils. Wood is the only non-hazardous waste to be processed at the company.

The company approaches the topic of waste through:
→ the containment/ saving of resources used in the production cycle;
→ the reduction of waste material production;
→ the promotion of virtuous conduct in employees regarding sustainable waste management.

Specific collection points have been positioned in each department, for urban waste subject to separate collection, with clear instructions on where each type of waste should be disposed of. There is a specific area for special waste.

With the exception of MSW and waste subject to separate waste collection, waste disposal is a service purchased from an authorised supplier, including loading, transport, processing and miscellaneous, based on the type of waste.

PROCUREMENT

The company implements a procedure for the purchasing and processing of material, to ensure traceability, planning and accounting in production. All purchased goods are provided with a document describing ordered material, a reference (order, matrix, warehouse, consumption, etc.), quantities, any preferential suppliers, and procurement times. Therefore direct purchases from any supplier without written authorisation are not permitted.

PROJECTS AND RESULTS

MATERIALS USED

In this field the objective is still to improve the circularity of our raw material, i.e. steel. In 2023 we contracted our main suppliers to reconstruct the chain together and understand the state of the art with respect to the quantity of material obtained from recycling and the quantity of material obtained from extraction, in order to then orientate our choices in the best possible way. However, suppliers are currently unable to indicate the quantity of recycled raw material used, which for now prevents us from precisely evaluating progress towards achieving our sustainability objectives and making informed decisions. Nonetheless we will continue along this path, due to the coming into force of the CBAM (Carbon Border Adjustment Mechanism), a measure proposed by the European Union to prevent the risk of "carbon leakage", i.e. the practice of companies that move production to countries with less stringent environmental regulations. This mechanism includes the introduction of a carbon tax on imported products that fail to satisfy specific European environmental standards.
In addition to data presented in the table, input material flows also include hydraulic and electric materials. However it is difficult to quantify the volume for both these categories, as they are purchased en bloc and not as separate components.

REDUCTION OF PRODUCT PACKAGING

We have radically overhauled our packaging practices to reduce environmental impact. We previously used a combination of wood and plastic for carpentry packaging and have since switched to more sustainable solutions, either entirely wood or with a 50% reduction in the use of plastic. Wood comes from EU countries and the only parts made of 100% wood are trunk covers and pallet blocks. To date the plastic used is not recycled, due to technical requirements and use.
All received packaging is reused to eliminate waste generation. Currently we have cut the use of packaging by 40% compared to the past. We are assessing the opportunity for further reductions in material use, considering the use of new protective materials for mechanical parts that remain exposed.

TREATMENT OF SPECIAL WASTE IN PACKAGING

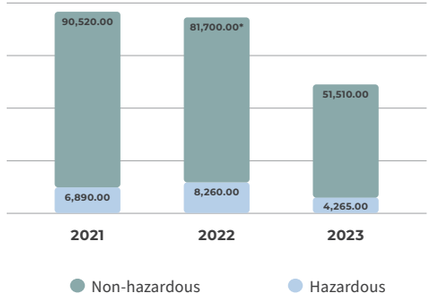
Bearings used in Devil product packaging were previously disposed of as special waste and are now collected and reused by our supplier, before being re-issued into the production cycle. Not only does this process reduce the need for new materials, it also minimises previously generated special waste. Other waste materials are accurately separated and managed internally: Waste plastic is placed in specific bins and collected by the municipal company. Cardboard and other materials delivered to Zato (pluriball, inflatable bags, inflatable columns) are reused for the shipping of items manufactured by us. non-reusable cardboard is disposed of in specific bins and collected by the municipal company.

PLASTIC IN COMPANY LIFE

In 2023-2024 we installed three drinking water dispensers. This action was undertaken to reduce the use of single-use plastic bottles and cups. We are aware this initiative may appear less significant in terms of impact compared to other objectives and progress made, however we believe in the importance of making the smallest of steps that are well within our reach.

HAZARDOUS AND NON-HAZARDOUS WASTE GENERATED (KG)

GRI 306-3



MATERIAL USED BY WEIGHT AND VOLUME

GRI 301-1

UNIT	MATERIALS	2021	2022	2023
Tons	**Steel***	1,744.00	2,247.09	1,474.55
Tons	**Semi-finished ferrous materials**	33.00	42.00	618.23**
Litre	**Oils**	7,483.00	3,568.00	2,250.00
Kg	**Fat**	1,296.00	747.00	830.00
Tons	**Screws**	47.47	620.00	43.00
Tons	**Rubber****	0.56	1.27	2.62

*currently data on the % from recycling and the % of virgin material is not calculable
**the quantity of semi-finished ferrous materials increased following a reduction of raw materials and internal machining in certain divisions
***following recalculation we provide the correct data with reference to 2022, compared to what we provided in the previous report

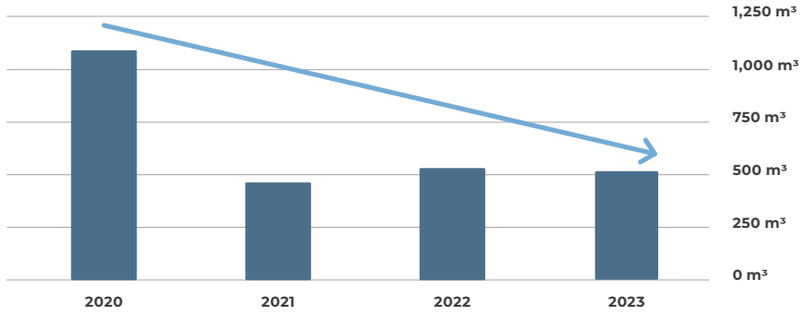
*The increase of hazardous waste in 2022 compared to 2021 was caused by a painting test. The reduction from 2022 to 2023 is due to a new approach for the management of bearings used in packaging, and a reduction of disposed spent oils, because no painting tests were conducted. The reduction of non-hazardous waste is linked to improved management and greater care in the use of pallets, the return of which has enabled the recovery of around 10 tons of pallets that are still usable, and a further 6 tons reused in other shipments or returned to suppliers in 2021 and 2022.
We report a correction of data indicated in the previous report with reference to non-hazardous waste generated in 2022. In the recalculation we added two more categories of waste produced by us, raising the total from 64,283 tons (declared in the previous report) to 81,700 tons, which is the actual figure produced.

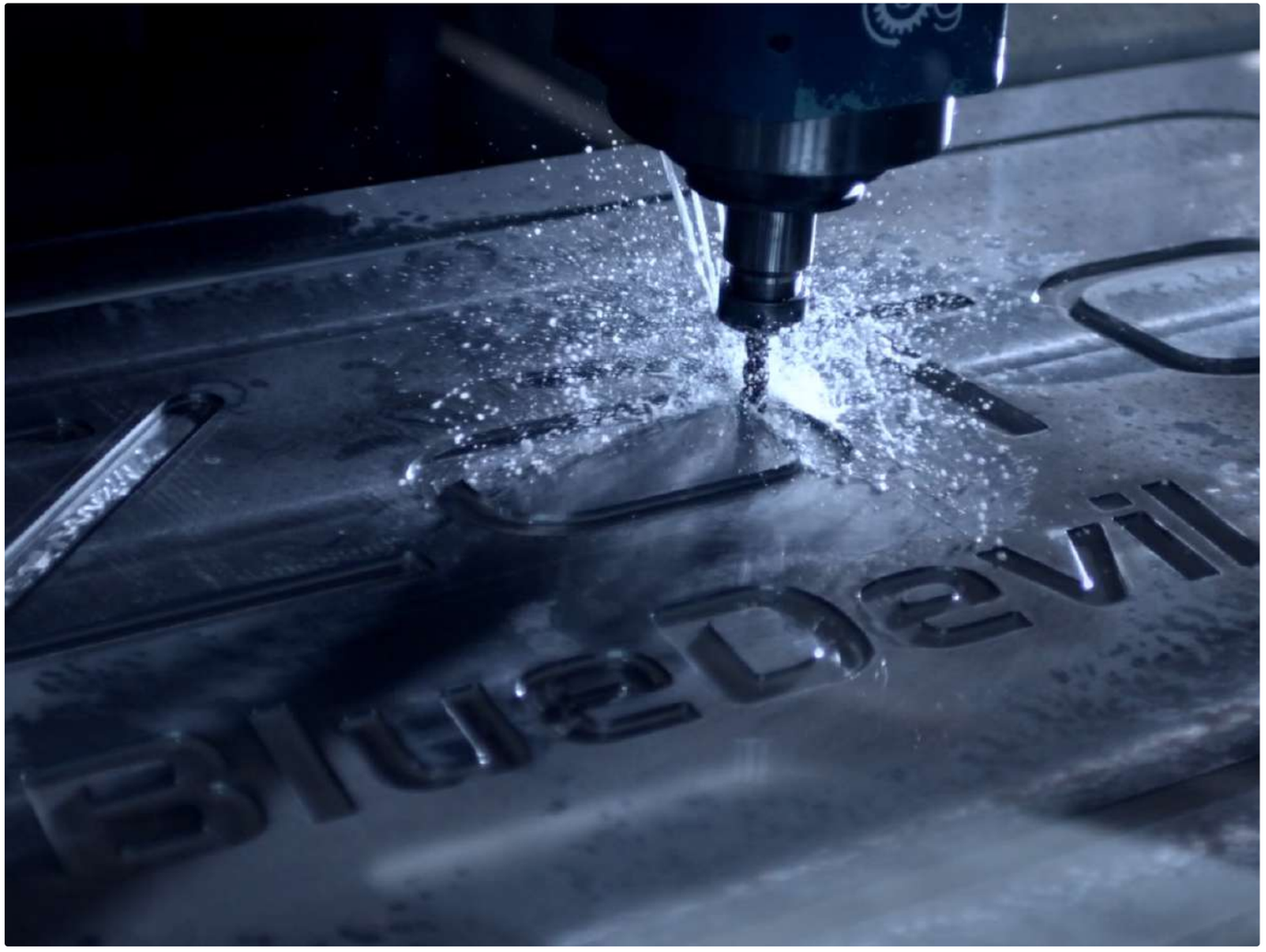
WATER CONSUMPTION

Most of the water used by the company is sourced from the well and is mainly used for hygiene-sanitary purposes. The decrease in consumption highlighted in the graph below is due to the reduced use of the pressure cleaner in after-sales repair services. This is due to the enhanced technological efficiency of maintenance activities, which enables preventive intervention and overall improvements to machinery design.

WATER WITHDRAWAL

GRI 303-4-5





ROADMAP FOR OBJECTIVES

OBJECTIVES	ROADMAP
Increase the proportion of steel from recycling to 50% in our machinery and parts by 2025	→ Rebuild the steel chain as well as that of our components, through close cooperation with suppliers, guiding them in the collection of information.
Reduce the quantity of packaging	→ Continue to cooperate with suppliers and clients in managing the packaging use and disposal cycle, assess how to increase the proportion of packaging material obtained from recycling or certified and lower-impact sources (e.g. FSC for wood)
Develop a responsible supply chain for components and support materials	→ Analyse mechanical machining and electronic parts suppliers according to risk profile in terms of ESG commitment, to define improvement actions and open up channels for dialogue. Monitor actual reduction in the use of plastic bottles following the installation of dispensers and assess other fields (e.g. gadgets and stationery) for the potential implementation of improvement actions in terms of material use
Reduce and mitigate hazardous waste production	→ Reduce the production of our hazardous waste, focusing on paints and oils used for testing. Examine the conferral of waste for disposal in greater depth.

CHAPTER 6

RAW MATERIAL (RE)GENERATION

VISION

We are committed to producing machinery that is accessible to everyone: smaller, simpler, more responsible and which operates through proximity economics, for more widespread recycling and recovery activities.
We believe in the regeneration of raw material and wish to turn it into an asset for all companies operating in the field of recycling.

CONTENTS

FUTURE SCENARIOS FOR STEEL PRODUCTION OPTIMISATION WITH EAF KILN: TOWARDS GREATER ENERGY AND PRODUCTION EFFICIENCY

Together with the Polytechnic University of Milan we studied the optimal apparent density, i.e. the measurement of mass per unit volume, necessary for optimising the melting process. Optimal apparent density maximises kiln load efficiency, guaranteeing the homogeneity of material, which in turn aids more rapid and even melting, reducing both energy consumption and emissions.
Specifically, the developed model enables the in-depth analysis of how the apparent density of loaded material influences kiln electric kiln performance, taking into consideration aspects such as productivity (tap to tap time), metal loss and specific energy consumed. An increase in apparent density brings different benefits:

- → Reduced number of baskets to be loaded: This shortens production times (tap to tap time) and reduces heat loss through the open vault.
- → Heat exchange efficiency: A higher apparent density reduces the surface/ volume ratio of scrap, lowering the efficiency of heat exchange between the kiln's energy sources and scrap.
- → Melting and oxidation times: Slower melting times due to greater apparent density prolongs the exposure of metal load to oxygen, thus increasing oxidation and consequent metal loss.

If we consider a 100 ton kiln with a diameter of 4.25 metres, the optimal interval of apparent density is between 450 kg/m^3 and 650 kg/m^3 (Table 1).

Table 1. Ratio of apparent density, melting times, metal loss, total energy consumption as a consequence of oxidation and kiln vault opening times according to the number of baskets and how fully they are loaded
Please note that modelling was executed for steel production.

Apparent density (kg/m3)	Melting times (mins)	Metal loss (%)	Energy (kWh/t)
200	46	5	707
550	35	7.7	690
900	33	10.2	686

Apparent densities from 450 kg/m^3 to 650 kg/m^3, obtainable by the shredding of scrap, are the best compromise between melting times, metal loss and specific energy consumed. This is more advantageous compared to the use of sheared scrap, which due to its low apparent density, results in excessively long melting times and therefore low productivity.

It is also preferable to material crushed in hammer mills, which leads to higher metal loss without a significant increase in productivity or energy efficiency compared to shredded material.

WHY IT IS IMPORTANT

While we continue to live beyond the limits of our planet, we must reconsider the economic system we live in. This requires us to look beyond zero net emissions and focus on leaving a positive net impact on the planet, by becoming increasingly regenerative. For us this means restoring and building a resource rather than exploiting and destroying it. In this way we aim to mine less material and strive for internal regeneration, the purchase of regenerated material, or aiding regeneration, to keep material in circulation for as much as possible.

Metals like steel and aluminium are crucial in supporting global industry and we believe it is important to enable their circularity.

CLASSIFICATION	IMPACT	IMPACT MATERIALITY
INDIRECT	Increased recycled material (metals) in circulation	
INDIRECT	Lightening of exploitation of energy resources, water and material	
INDIRECT	Increased biodiversity - Lightening of environmental load due to virgin material	
DIRECT	Technological innovation on and for the market	
INDIRECT	Increased education of the market regarding the recoverability of materials	

RISK	OPPORTUNITY	RISK/ OPPORTUNITY	FINANCIAL MATERIALITY
	●	**Growth of recycling practices in the markets** *Detail: Market in expansion with respect to Zato service offering*	
	●	**Sustainability as a powerful communication tool** *Detail: Therefore it is necessary to understand the main topics to communicate to the client/ prospect*	
	●	**Circularity as a competitive advantage** *Detail: Circular innovation of product and business, in addition to circularity as an enabling factor, boosting the circularity of clients*	
	●	**Market willing to invest in sustainability** *Detail: Chanel for engaging in dialogue with clients, not only based on commercial aspects*	

PROJECTS AND RESULTS

EFFICIENT MACHINERY

The company has teamed up with the Milan Polytechnic University to assess and quantify environmental impacts and energy savings in the electric furnace casting process of ferrous scrap processed with Zato S.p.A. machinery.

Processing materials conferred for recycling with Zato machinery increases the casting yield of material, thanks to improved separation and greater cleanliness of metal conferred for recasting.

Scrap recycling implies the reuse of decommissioned metal materials as well as the progressive and increasingly stringent control of types of metal materials, to avoid gradual chemical pollution of loads conferred to electric furnaces, which would result in lower metallurgical product quality and performance; this is why the shredding of material into small-sized fragments is a crucial operation in the separation and selection (by means of magnetic and optical systems) of materials.

TREATMENT OF MATERIALS

The strong point of Zato machinery is that they enable clients to undertake a material recycling process. Upstream this avoids the exploitation of mined natural resources and downstream it zeros disposal costs of scrap which would otherwise be conferred to landfill and therefore considered waste.

QUANTITY OF MATERIAL PROCESSED PER HOUR AND ENERGY CONSUMPTION FOR EACH TYPE OF MACHINERY

BLUE DEVIL**

SHREDDED MATERIAL	QUANTITY PER HOUR	ENERGY PER HOUR*
Mixed collection	25 Tons	280/300 kWh

BLUE STORM

SHREDDED MATERIAL	QUANTITY PER HOUR	ENERGY PER HOUR*
Third party copper and copper wire	15 Tons	220/250 kWh

BLUE MARLIN

SHREDDED MATERIAL	QUANTITY PER HOUR	ENERGY PER HOUR*
Aluminium profile and sheep	8 Tons	200/250 kWh
Copper wire	16/18 Tons	200/250 kWh

BLUE SHARK **

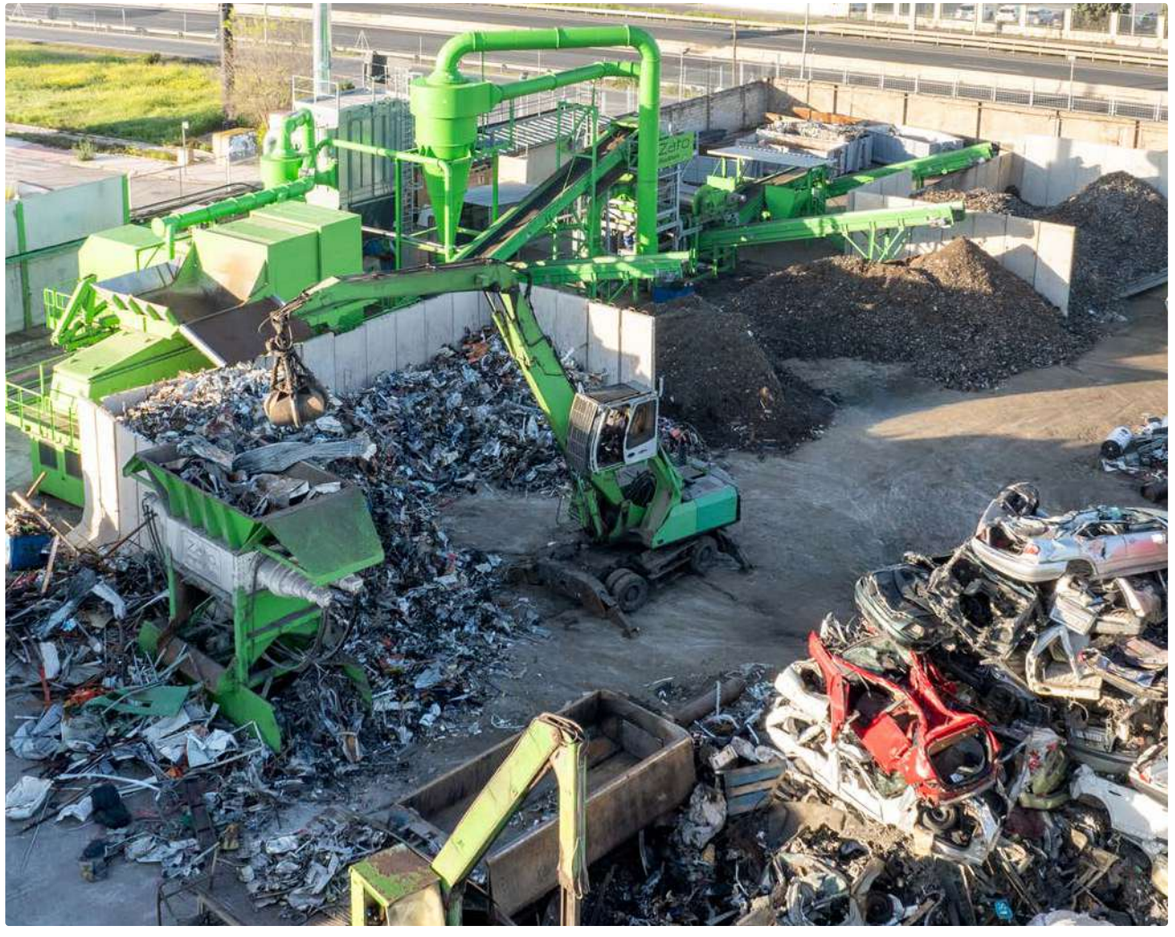
SHREDDED MATERIAL	MODEL	QUANTITY PER HOUR	ENERGY PER HOUR*
Iron	BLUE SHARK 12.10	12 Tons	800/850 kWh
Aluminium	BLUE SHARK 12.10	10 Tons	800/850 kWh
Iron	BLUE SHARK 16.13	30 Tons	800/850 kWh
Aluminium	BLUE SHARK 16.13	20 Tons	800/850 kWh
Iron	BLUE SHARK 19.22	60 Tons	800/850 kWh
Aluminium	BLUE SHARK 19.22	40 Tons	800/850 kWh

*average hourly energy consumption of machinery in continuous operation. The number was applied by means of a consumption average, as this may depend on the quantity and type of material fed into machinery and on whether said material undergoes prior processing or otherwise.

**The Blue Devil and Blue Shark machines are designed to run on electricity or diesel.

ROADMAP FOR OBJECTIVES

OBJECTIVES	ROADMAP
To make scrap crushing and shredding machinery available to more and more markets	→ Expand the distribution of our machinery to increasingly broader markets, offering more efficient machinery with low operating costs and easy installation.
Increase the efficiency of our machinery	→ Develop more efficient machinery, boosting the cleaning of recycled material, lowering carbon emissions and energy consumption. Continue working on preventive and predictive maintenance operations to ensure machinery always works at full efficiency and lengthen the life cycle of such machinery.
Formalise partnerships for innovation	→ Nurture partnerships with experts of the metallurgical industry for the development and research into increasingly cutting edge products and services. Continue with the feasibility study to explore the possibility of powering Zato machinery with other non-fossil renewable resources. Further consolidate the partnership with the Polytechnic University of Milan for research and development projects.



CHAPTER 7

GROWTH AND NEW COMPETENCIES

VISION

We are committed to being enablers of a (re)generative future; we believe in the potential of our industry and in the huge application possibilities.
For us this all translates into accompanying development and the integration of specific competencies, to support the transition we are operating in.
We are committed to ensuring every single function at our company feels a part of this change and wish to support them along a pathway of professional growth.

CONTENTS

WHY IT IS IMPORTANT

Economic, health and geopolitical trends have created globally divergent results for labour markets in 2023. The impact of investments in guiding the green transition was judged to be the sixth highest-impacting macrotrend, followed by a lack of offer and consumer expectations regarding social and environmental issues.

With the aim of actively contributing towards the company's technical-technological development, the adoption of technology and competencies will remain key factors of the transformation in the next five years. A more extensive application of environmental, social and governance standards (ESG) in society will be necessary for proposing dynamic and competent roles regarding sustainability topics.

CLASSIFICATION

DIRECT	⊕
DIRECT	⊖

RISK	OPPORTUNITY
	●

IMPACT

Creation of green jobs
Potential shortcomings in the development of competencies (training)

IMPACT MATERIALITY

RISK/ OPPORTUNITY

Attract qualified staff through sustainability
Detail: Given the willingness of generations X and Z to assess the orientation of the company's sustainability in choosing a job

FINANCIAL MATERIALITY

OUR APPROACH

POLICY AND MANAGEMENT

In its production processes our company integrates both the approach to quality systems and the vision of sustainability, circularity in particular.
Through the accurate analysis of production processes, the quality system defines the framework of competencies required for each function. This prospectus is used to check for any gaps between expected competencies for a position and the actual skill level of the person covering the position. A specific measurement system is used to identify necessary competencies in order to define a specific training program, to improve the skill set of each worker.
In 2023 the company set up a sustainability work group, chaired by a CSR manager of the company. Work groups confer with the main work group, consisting of four members, for the achievement of objectives defined in the materiality analysis, which is included in the company's sustainability strategy.
The quality system thus interacts with the sustainability strategy, which intercepts the organisational needs required to improve the effectiveness of processes, in which the human component plays a decisive role.
Thus on the one hand the training plan for the development of employee competencies is defined, and on the other hand, an organisational development plan is established, integrating in work planning and organisation processes each person's capacity to synergistically manage their own objectives, in cooperation with other figures that also contribute to the successful outcome of each process.

PROJECTS AND RESULTS

SUSTAINABILITY COMPETENCES

Participants of the in-company work group created to prepare the sustainability strategy and report were educated on topics on a macro and micro level with respect to the operations of companies. The next step is to spread this knowledge to all other professionals.

MAPPING OF COMPETENCES

As part of the ISO 9001 management system development pathway, we are creating information sheets in order to map skills for each employee. Together with department management, any differences in necessary and actual skills are assessed in order to create a targeted training plan to resolve any shortcomings.

SPECIFIC TRAINING

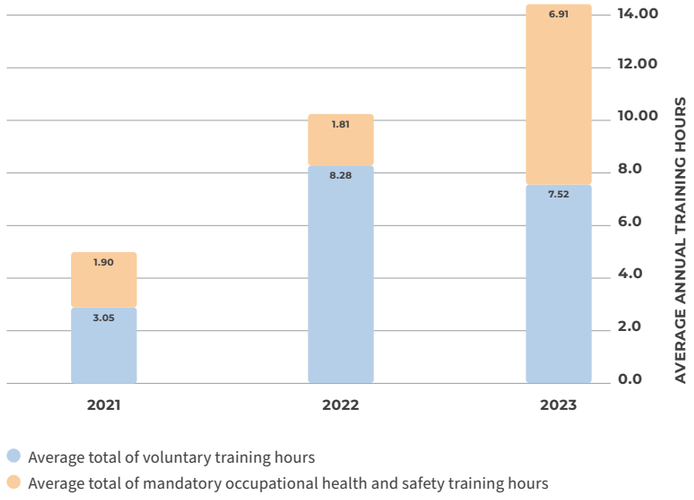
All employees took compulsory courses provided by the National Collective Labour Agreement; the offering was completed with other courses linked to skills required for specific duties, and language courses. In 2021 all employees took a cyber security course.

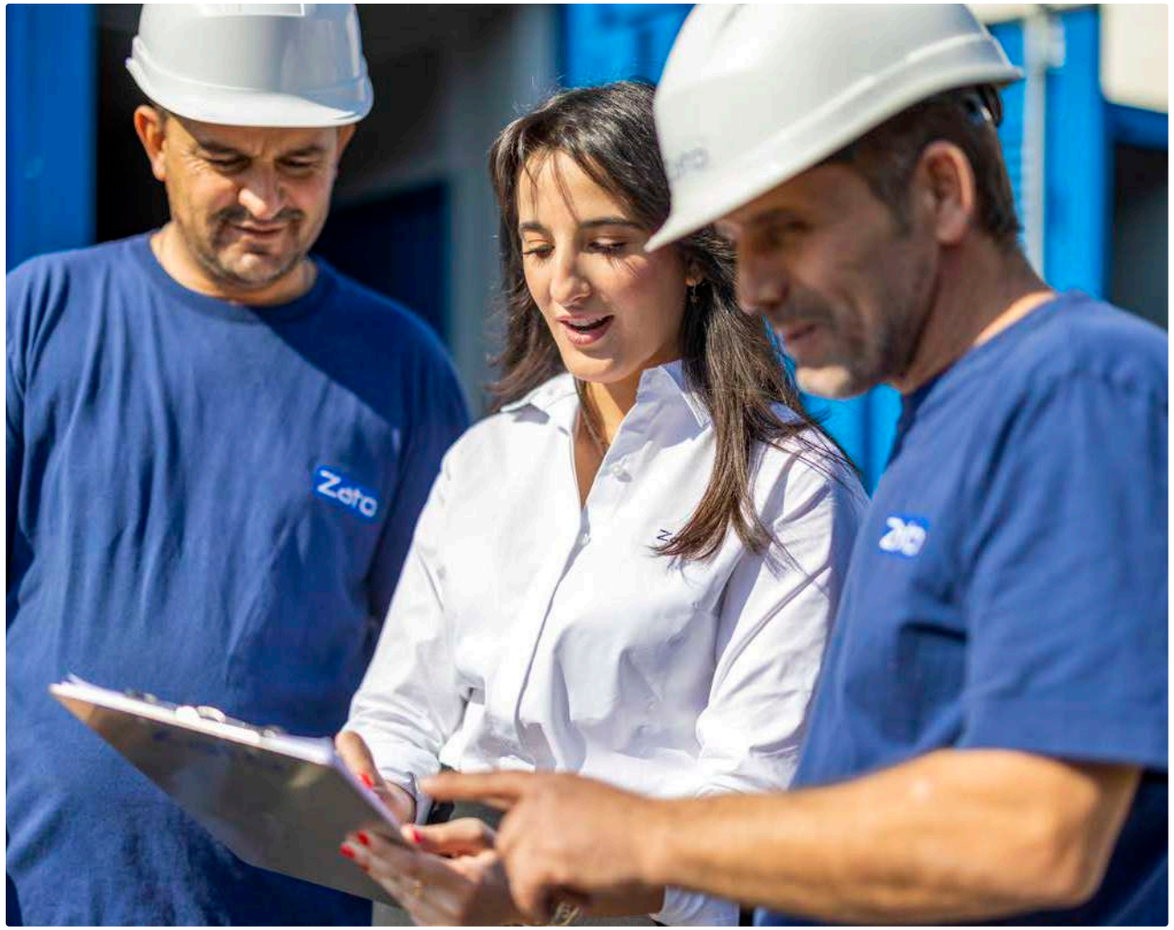
ORGANISATIONAL STRUCTURE ANALYSIS

The company's organisational chart, organisational development achieved in the last few years, the management of job descriptions and team operation were all analysed in 2023.

AVERAGE TRAINING HOURS PER EMPLOYEE

GRI 404-1





ROADMAP FOR OBJECTIVES

OBJECTIVES	ROADMAP
Define skills development plans linked to processes supporting circularity	Analysis and review of processes and identification of areas for improvement. Analysis of training needs: gap analysis and skill matrix application.
Implement a process for the integration of organisational development with production processes (2024)	Coaching plan for all managers. Integration of organisational development between quality system and sustainability strategy. Undertaking of a discussion process for the planning, scheduling and organisation of work of all managers (2024).
Involve employees in sustainability development at the company	Activation of different systematic communication channels along the sustainability pathway at the company (2024). Involvement in work groups of all figures that can participate in the achievement of objectives. Planning of events for the presentation of achieved results and new objectives. Definition of an award system based on objectives to be reached by teams, linked to sustainability (2024).

CHAPTER 8

WELL-BEING AND ENGAGEMENT

VISION

We aim to become a reference model in the local area with reference to workplace well-being, support for the people who work with us and their families, and the company's involvement in local entities.
We believe that a proactive commitment to the health and work-life balance of our workers is the only way to achieve mutual trust.
We believe that undertaking a process of deep involvement of all stakeholders is the only to co-creating value and start working together towards common objectives.

CONTENTS

WHY IT IS IMPORTANT

Zato is a company in constant development, both in terms of necessary competencies and in relation to the market to be developed, with respect to its offering of solutions capable of stimulating the circulation of recycled materials. On the one hand the company's robustness enables stability and value distribution, while on the other hand building on what it means to provide our workers with well-being in a fast paced setting, ensuring this offering is the result of a process grounded in everyone's involvement and the coordination of joint efforts. This needs to be developed in terms of health and safety protection, but also and above all with processes used to manage overall value by workers, which ultimately translates into well-being at the workplace.

Involvement is also crucial beyond the company: it becomes especially significant when we are able to consider the company as the interface between market and territory, and as a proactive player in understanding which pathways we can undertake, together.

CLASSIFICATION

DIRECT		⊕
DIRECT		⊕
DIRECT		⊕
	INDIRECT	⊕
DIRECT		⊖

RISK | OPPORTUNITY

●

IMPACT

Economic stability at a local level	
Promotion of equality in salaries and contracts	
Flexibility work-life balance	
Creation and distribution of economic value	
Damage to physical and psychological health of workers (internal)	

IMPACT MATERIALITY

RISK/ OPPORTUNITY

Isolation of territory
Detail: Lack of institutional relationships

FINANCIAL MATERIALITY

OUR APPROACH

POLICY AND MANAGEMENT

HEALTH AND SAFETY MANAGEMENT

For safety purposes, the company requires its workers to use PPE for access to warehousing facilities. Such equipment (gloves, mask, garments) and consumer goods are distributed in the morning and each person is required to organise collection according to their work. Office staff are required to use PPE upon entering production facilities.

In the last few years the company has submitted a questionnaire to workers in order to analyse psychological health and stress levels.

Moreover, the safety management system pursuant to Italian Legislative Decree 81 requires courses for safety and the use of equipment workers must use.

TOTAL REWARD MODEL

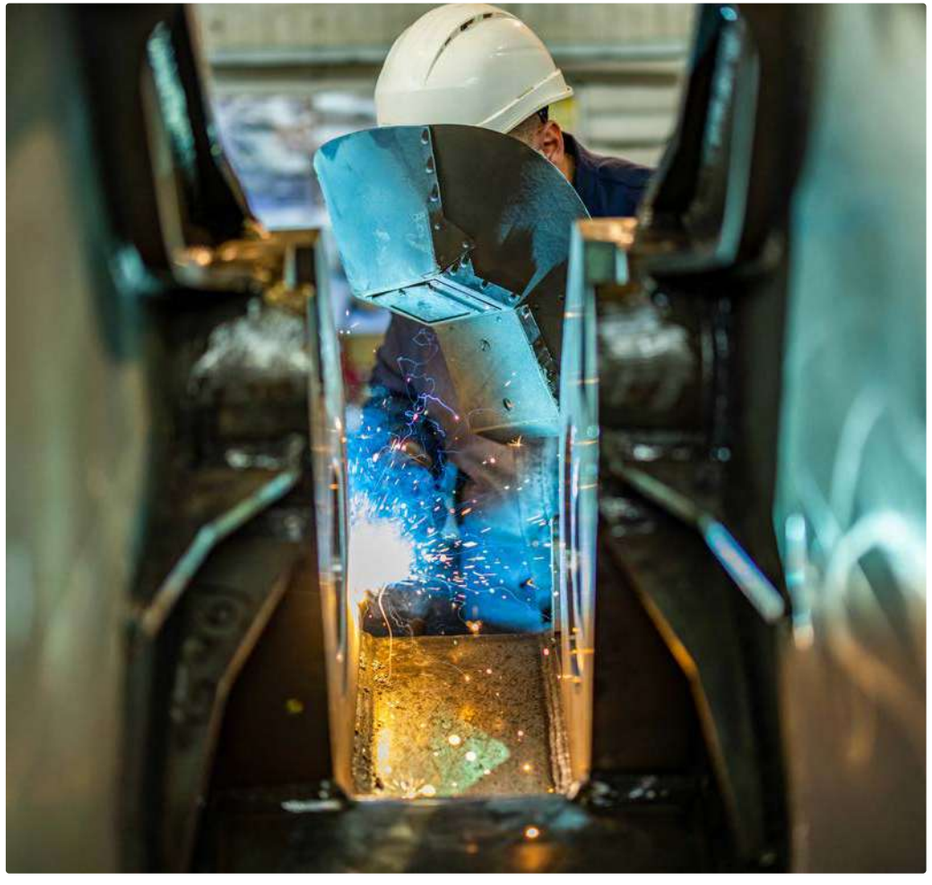
Zato has resolved to adopt a value management model for employees at the workplace. It is called Total Reward and enables the individual to identify and manage investments and values provided across five dimensions: remuneration, welfare, development, environment and well-being.
This tool not only enables the implementation of all planned interventions, but also clear communication of the company's commitment to everyone at the company, and the measurement of provided value.

FLEXIBILITY OF HOURS

Employees are granted flexibility to accommodate visits, appointments or family commitments.

The company supports employees engaged in voluntary work by ensuring flexible hours.

The company does not have any pre-established periods of closure; holidays and leave are organised using an internal organisation process in each department. In special cases, for example the renewal of documents for foreign employees, solutions are sought in order to lengthen the period of leave.



PROJECTS AND RESULTS

ATTENTION TO SAFETY

GRI 403-1,2,4

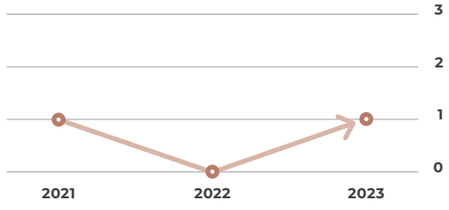
The company's management is constantly committed to ensuring the modernity of plants, the presence of protective equipment, compliance with hygiene standards and accident prevention legislation, as well as the training of workers in these areas. The company has appointed all occupational safety figures, tasked with:

→ further improving workers' health and safety conditions;
→ periodically assessing risks linked to workers' health and safety;
→ adopting preventive and corrective solutions.

The company intends to implement a system for the collection "near accidents", to involve employees in the analysis of accidents and possible solutions to risk

INJURIES

GRI 403-9



Zato aims to maintain zero injuries just like in 2022, through the more systematic collection of all near accidents and the reinforcement of internal communication channels on risk factors encountered by workers and continuous internal risk communication.

OCCUPATIONAL HEALTH SERVICES

GRI 403-3

Coordination between the occupational doctor, the Prevention and Protection Service Manager, company management and the Workers' Safety Representative takes place on an annual basis. During these meetings, workers also undergo an annual medical visit to evaluate exposure to risks. If any problems emerge, the possibility of changing the employee's duties is assessed.

Moreover, all employees sign up to the Metasalute fund, through which they can access medical-healthcare services at partner clinics, or receive refunds for other medical services. When hired, each employee receives a manual explaining how to use these services; the company provides support for any assistance requests in this area.

OCCUPATIONAL HEALTH AND SAFETY TRAINING

GRI 403-5.8

When hired, each employee is entered in a mandatory health and safety training program. The company uses a monitoring system to manage deadlines and the scheduling of course updates, personalised according to position and duties, with a common basis for everyone. Courses on fire protection procedures and first aid techniques are currently being updated. This training program extends to all workers, including interns and apprentices.

Training is further complemented by a health and safety prevention culture development project. To this effect workers were involved in the reporting of near misses, to aid the prior prevention of probable causes of accidents.

WELFARE SYSTEM

Following the activation of its Sustainability Plan, Zato chose to design a Welfare portfolio and integrate it in a broader Total Reward model. The project will also be anchored to the organisational Development Plan.

In 2024 this will enable the definition of:

- A portfolio of complementary services linked to a budget, for each worker.
- Incentivising bonuses linked to Welfare services based on the achievement of individual objectives.
- The definition of a bonus system with team objectives also linked to sustainability.
- A series of investments in infrastructures to improve workers' quality of life.

PROJECTS AND RESULTS

SUPPORT FOR THE COMMUNITY

GRI 413-1

The principle of sustainability also includes the company's relationship with local communities, on the one hand through its commitment to mitigating the environmental impact of Zato operations in the territory, and on the other hand, by encouraging growth in economic, employment and social terms, as part of a pathway towards the rediscovery of the material culture of metal processing. With the Sustainability Report Zato has decided to tackle territorial involvement in a more proactive and structured manner, defining a work group tasked with selecting topics of significance to the company and defining an annual budget for projects deemed important for topics, which distinguish themselves in terms of closeness of interest.

Thus Zato has resolved to identify coherent project fields for the support, protection and development of the local area.
In response to climate crisis consequences, which translate into increasingly frequent atmospheric events that are critical for the population, the company has chosen to support the Civil Protection and its tireless commitment to ensuring safety of the territory and operative interventions during critical events.
It also resolved to support youth sports activities, with particular focus on promoting both female and male sectors.

2021
€32,000.00
- → Black Racing Team Motorsport sports association
- → Socially Useful NPO Mattone del Cuore
- → Brixia Basket women's under-17 team
- → Socially Useful NPO Fondazione Comunità Bs aiutiamobrescia
- → ASS. Arena Sferisterio
- → Fondazione Andrea Bocelli

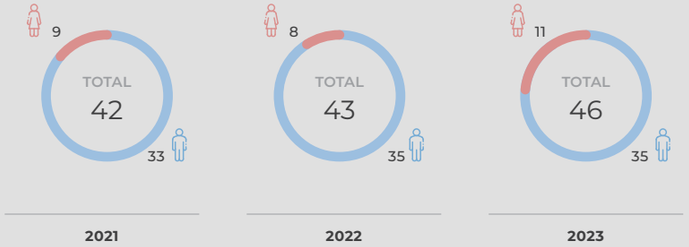
2022
€24,149.00
- → Black Racing Team Motorsport sports association
- → Brixia Basket women's under-17 team
- → Isinnova 3D lower limb prostheses for war amputees

2023
€29,000.00
- → Civil Protection: donation of a generator
- → Youth Sport: Brixia Basket, CGR, Karting, Basket Prevalle

A SNAPSHOT OF OUR COMPANY

EMPLOYEES AT THE COMPANY

GRI 401-1



LEVELS

At Zato, a small part of the organisational chart is made up of executive figures and the vast majority of clerks and workers.

5
DIRECTORS

2
MANAGERS

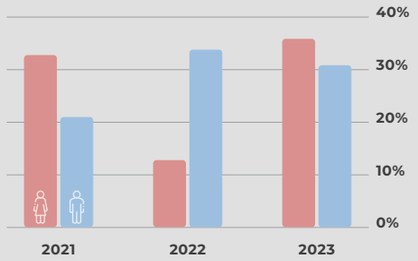
4
MIDDLE MANAGERS

18
WORKERS

22
OFFICE STAFF

PERCENTAGE OF INCOMING EMPLOYEES

GRI 401-1



Positive turnover is calculated by dividing the number of hires by the entire work force as at 31.12

WORKERS

Zato privileges permanent contracts with the aim of nurturing the loyalty of its people.

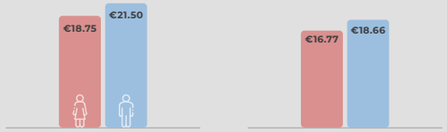
46
INTERNAL WORKERS

RATIO OF TOTAL AVERAGE SALARY AND REMUNERATION OF WOMEN COMPARED TO MEN

GRI 405-2

AVERAGE GROSS HOURLY REMUNERATION IN EUROS:

Average salary refers to the entire workforce and is not a distinction on a par with positions/competencies.



PAY GENDER GAP

13%
2022

10%
2023

The M-F pay gap indicates a salary improvement in 2023, however equal value is yet to be achieved. A significant piece of data indicates that on average in the company, men earn 10% more than women, explainable due to the fact that more men hold top positions

*The calculation is based on the following formula: (Average gross hourly salary of male employees - Average gross hourly salary of female employees)/ Average gross hourly salary of male employees

CONTRACT

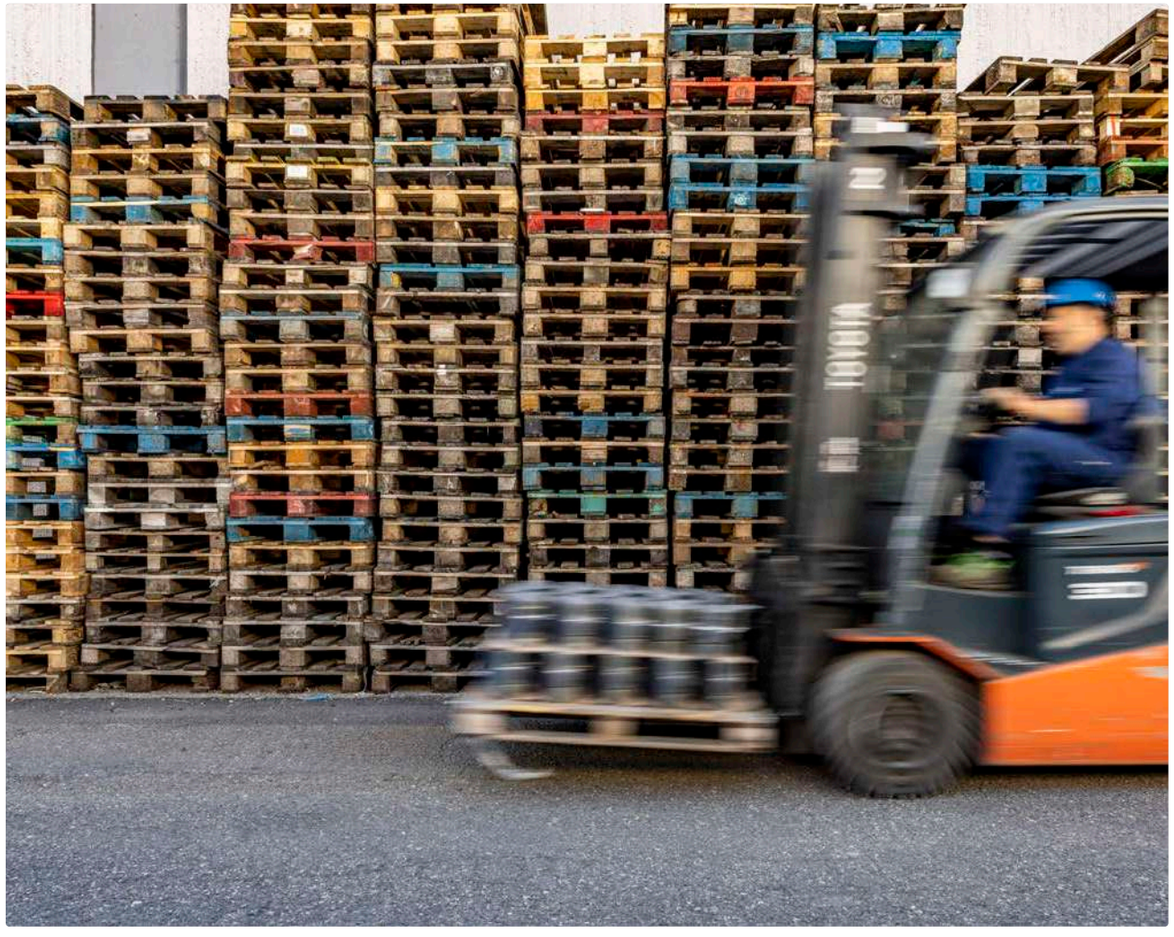
At Zato, 100% of 46 employees are full-time contract holders.

46
FULL TIME

100%
FULL TIME

ROADMAP FOR OBJECTIVES

OBJECTIVES	ROADMAP
Activate a value management system for employees and integrate the value offered to workers to their benefit	→ Define the Total Reward management model, activities in single areas, the bonus system, the implementation process, the communication and involvement of employees and necessary investments
Maintain zero injuries	→ Start up the near-miss reporting program through department meetings, with particular attention to installations and maintenance, and monitor the safety plan
Increase engagement with the territory	→ Support youth sports activities with particular attention to gender equality, define new allocation criteria for charitable donations, identify fields according to project criteria



ANNEX

GRI INDICATORS AND FULL DATA

METHODOLOGICAL NOTES

This Sustainability Report was prepared according the GRI Standards 2021, application level: in accordance.

Information and data refer to Zato S.p.A. for the period 1 January 2023 – 31 December 2023, unless stated otherwise. To ensure the comparability of reported information, whenever available we have also provided data for the years 2021 and 2022.

In the formulation of indicators and objectives, as well as in the materiality analysis process, we also considered the new European directive on sustainability reporting CSRD and relative ESRS indicators, published in the Official Gazette of the European Union in December 2023.

In the Report we have also included indicators that are not explicitly requested by the GRI, but have been internally obtained with the purpose of improving production processes and objectives.

In this follow-up session we intend to provide full tables of data for each section of the Report.

THE ORGANISATION AND ITS REPORTING PRACTICES

GRI 2-1
Organisational details
The official name of our group is Zato S.p.A., a single shareholder company of Zato Invest, with headquarters in Via Campi Grandi 23, 25,080 Prevalle BS, Italy, and subsidiary 1100 South Tower, 225 Peachtree Street NE. Atlanta, GA, 20202 (USA)

GRI 2-2
Entities included in the organisation's sustainability reporting
Reporting scope lies within the company Zato S.p.A., as per the financial statements.

GRI 2-3
Reporting period, frequency, and contact point
This is the company's second sustainability report, which will be prepared on an annual basis. Presented information and data refer to the period from 1st January 2023 - 31st December 2023; whenever possible we have also extended our field of vision to the two previous years (2021 and 2022), in order to provide a more complete image of data evolution.

All enquiries on the nature of data and information contained herein can be sent to *esg@zato.it*

GRI 2-4
Restatements of information
Restatements have been made regarding:
- → The quantity of Scope 1 and 2 emissions (GRI 305-1,2): thanks to the support of the LBO fund we were able to provide a more accurate measurement of declared data for 2022
- → Quantity of non-hazardous waste (GRI 306-3): We were able to recover data referring to 2022, which were unable to report on last year. We added the quantity and provided the correction in a note directly on p. 35
- → Quantity of rubber (GRI 301-1): Following recalculation we provide the correct data with reference to 2022, compared to what we stated in the previous report, data is on p. 35

GRI 2-5
External assurance
This report did not undergo an external assurance process.

ACTIVITIES AND WORKERS

GRI 2-6
Activities, value chain and other business relationships
Information on this indicator can be found on page 6 of this report. The company's sector of activity extends worldwide, except for Africa, India and Russia. The company pursues the following activities: the design and production of plants and equipment for the recycling sector. Relative information on designed products is available on page 14. Applications of company competencies range from copper scrap treatment plants, for bales of scrap, heavy metals HMS, aluminium scrap, ASR residues; to plants for the recycling of end of life ELV vehicle scrap, the recycling of track and railway scrap and for the recycling and recovery of tyres.

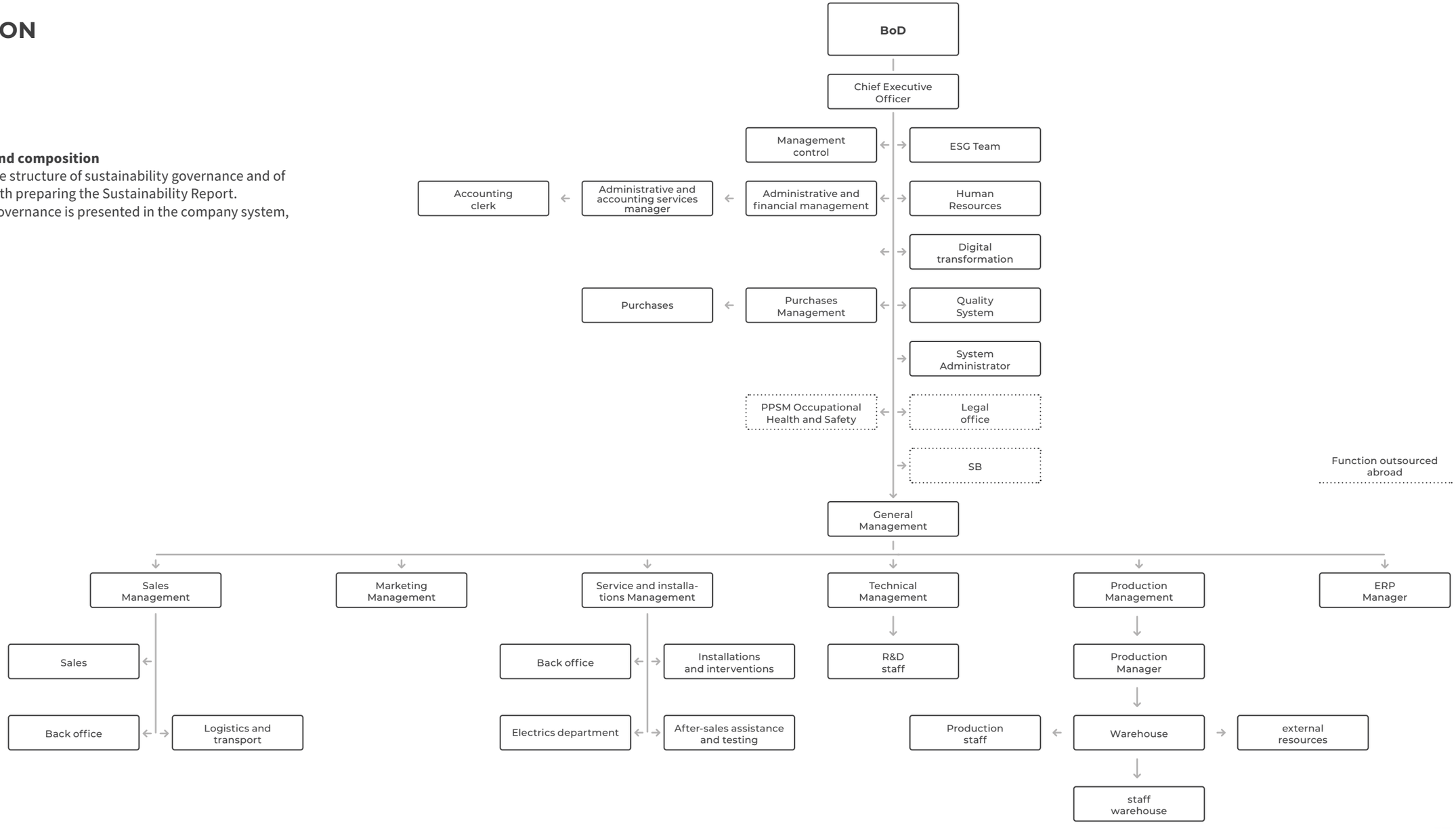
The company's value chain and sources of procurement of material used can be classified into 5 types:
- → Electronic components: Post mechanical processing steel, primary provenance from blast furnace (primary) and electric furnace (from recycling)
- → Hydraulic components
- → Process materials (rags, paints, argon for welding, nitrogen)
- → Made-to-measure components (blades, hammers, grilles, knives)
- → Electric power, compressed air, natural gas, diesel, water for domestic use, services (consultancy, transport) and packaging materials.

GRI2-7
Employees and 2-8 Workers who are not employees

		2021	2022	2023
Employees	Full time			
	Men	33	35	35
	Women	9	8	11
	Part-time			
	Men	0	0	0
	Women	0	0	0
	Total	**42**	**43**	**46**
Type of contract	Permanent Men	33	35	35
	Permanent Women	8	7	10
	Fixed-term Men	0	0	0
	Fixed-term Women	1	1	1
	Total	**42**	**43**	**46**
Workers who are not employees	Full time	0	0	
	Men	0	0	0
	Women	0	0	0
	Total	**0**	**0**	**0**
	Part-time	0	0	
	Men	0	0	0
	Women	0	0	0
	Total	**0**	**0**	**0**
Total number of employees		**42**	**43**	**46**
Total number of women		**9**	**8**	**11**
Total number of men		**33**	**35**	**35**

GOVERNANCE

GRI 2-9
Governance structure and composition
On page 21 we provide the structure of sustainability governance and of the work group tasked with preparing the Sustainability Report.
The company's general governance is presented in the company system, on page 10.



GRI 2-10
Appointment and selection of the highest governance body
The BoD is appointed by the Shareholders' meeting. Appointment criteria are: competence in undertaking duties and the capacity to assume relative responsibilities (pursuant to art. 2832 of the Civil Code).

GRI 2-11
Chairman of the highest governance body
The Chairman of the highest governance body, a BoD member, is also a senior executive of the organisation in management control

GRI 2-12
Role of the highest governance body in the management of impacts
The BoD plays an active role in defining material impacts, risks and opportunities, in defining objectives at a macro and operational level, and the action plan for the development of material topics. The work group and the BoD (including the fund that owns part of the company's shares) were involved in the validation and assessment process of impacts and set objectives.

GRI 2-13
Delegation of responsibility for managing impacts
No delegation of responsibility for managing impacts has been defined.

GRI 2-14
Role of the highest governance body in sustainability reporting
The BoD is actively involved in defining material topics, the approval and restatement of contents.

GRI 2-15
Conflicts of interest
No formalised system for managing conflicts of interest is currently in place at the company.

GRI 2-16
Communication of critical concerns
In the recently concluded reporting period no critical concerns were reported to the BoD.

GRI 2-17
Collective knowledge of the highest governance body
In the reporting period that recently ended, the BoD and the work group were involved in training sessions on the overall concept of sustainability, the need for sustainable development, the development of European regulations on the matter, ESG criteria, and significant sustainability topics in the sector, as well as specific information on the topic of social sustainability and organisational development.

GRI 2-18
Evaluation of the performance of the highest governance body
There are no formalised processes for evaluating the highest governance body on sustainability topics. However, the fund that owns part of the company performs a company sustainability performance screening in the ESG field, assesses achieved results and defines development trajectories to be pursued.

GRI 2-19
Remuneration policies
The company omits this indication for reasons of confidentiality.
GRI 2-20
Procedure to determine remuneration
The company omits this indication for reasons of confidentiality.

GRI 2-21
Annual total remuneration ratio
In 2023, the annual total remuneration ratio of the person receiving the highest remuneration and annual total average remuneration of all employees is: 6.8. The following calculation was used to determine the result: Gross annual remuneration of the person who receives maximum remuneration / median gross annual remuneration value of all employees, except for the individual with the highest remuneration.

STRATEGIES, POLICIES AND PRACTICES

GRI 2-22
Declaration on the sustainable development strategy
Information on this indicator can be found on p. 4 of this report, in the Letter to Stakeholders.

GRI 2-23
Commitment in terms of policy
For each material topic, all policies undersigned by the company were indicated, as well as certified management systems in place. The company has a Code of Ethics, completed in the first quarter of 2023 (when preparation of this sustainability report was nearing conclusion), which was presented to all employees through specific training initiatives.

GRI 2-24
Integration of commitments in terms of policies
All policies linked to material topics and sustainability commitments are indicated in the report, in the sections "Our approach: policy and management"

GRI 2-25
Remediation processes for negative impacts
Identified, validated and assessed negative impacts were grouped into five material topics constituting the company's sustainability strategy. Reporting on each topic includes all completed actions and achieved results in terms of indicators. Defined objectives and development plans are also included, taking into account the principles of (1) remediation and mitigation of negative impacts, (2) mitigation of risks, (3) reinforcement of positive impacts and (4) seizing opportunities. Our stakeholders were involved in two ways: as a group to validate impacts identified in the first phase by the work group, and as a group to assess these impacts. Both groups contributed towards defining improvement and prevention actions of negative impacts. With both types of stakeholders involved in assessment, we also analysed remediation processes in greater depth, for negative impacts that had already occurred. All these material topics formed the base for the development of objectives and project actions.

GRI 2-26
Mechanisms for requesting clarifications and raising concerns
As set forth in Italian Legislative Decree 231/01, the company has established a Supervisory Body (SB) to whom workers can anonymously submit requests or reports: odv@zato.it.

GRI 2-27
Compliance with legislation and regulations
No cases of legislative non-compliance were recorded during the reporting period.

GRI 2-28
Membership associations
Confindustria Lombardy, AIB MEBRI, BIR, ISRI (USA), FER (ESP), BDSV (DE).

STAKEHOLDER INVOLVEMENT

GRI 2-29
Approach to stakeholder involvement
In the second edition of our sustainability report, we have based the validation of our impact analysis on results obtained through a dialogue that first began in spring 2023 and was presented in the first edition of the Sustainability Report. For this reporting cycle, in pursuing objectives established in the first reporting cycle, we expanded interaction with the Polytechnic University of Milan. In cooperation with this institution, we are conducting a detailed analysis on the efficiency of processing of materials used in our machinery. We have also opened specific conversations with our suppliers, firstly, with raw material suppliers (steel), to improve the traceability of steel we purchase; secondly, with packaging suppliers, to explore solutions that increase the use of recycled or sustainable materials; thirdly, with mechanical machining providers, to assess the adoption of environmental responsibility practices, especially in the use of electric power from renewable sources. With reference to internal stakeholders, in defining the Total Reward package (further details in the chapter 'Well-being and Engagement'), we have involved our employees in an analysis of their welfare requirements.

GRI 2-30
Collective agreements
The national metals and plants industry collective agreement is applied.

INTRODUCTION

GRI 3-1
Process for determining material topics
Information on this indicator can be found on p. 22-23 of this report.

GRI 3-2
List of material topics
Information on this indicator can be found on p. 24-25.

GRI 3-3
Management of material topics
Chapters on material topics in this report were prepared using the following outline suggested in indicator 3-3.

For each topic with have indicated:
- → Relative impacts, including negative, positive, direct or indirect ones (in the paragraph: why it is important)
- → risks and opportunities (in the paragraph: why it is important)
- → The company's vision on the topic, i.e. the position it intends to take (in the paragraph: Vision)
- → The approach to management, policies, protocols and management systems (in the paragraph: Our approach, policies and management)
- → Actions undertaken to manage the topic and relative impacts (in the paragraph: projects and results)
- → Indicators used to assess progress (in the paragraph: projects and results)
- → Objectives, targets and commitments with reference to the material topic (in the paragraph: Roadmap for objectives

GRI 3-3
Management of material topics
Detailed information on negative impacts and their relationship the company:

ESG	IMPACT	LINKED TO	DIRECT/ INDIRECT
E	Increased environmental load due to non-recoverable waste	Linked to (1) packaging used by the company, which when sent to the client abroad is not recovered and thus inherited by the client, (2) production of waste and other types of waste (hazardous/ non-hazardous), which is conferred for disposal (incineration/ landfill) and is not recoverable	Direct
S	Damage to physical and psychological health of worker	Linked to (1) the nature of mining (operation with heavy machinery, inadequate mining facilities and exposure to explosive, flammable, poisonous or harmful substances)	Indirect
E	Water resource shortages (mining activities)	Linked to (1) mining activities requiring large quantities of water resources. Indeed mining activities can reduce the availability of water for local communities and other users, with potential repercussions on the right to potable water.	Indirect
E	Loss of biodiversity	Linked to (1) significant ground use for prospecting, exploring, extracting and storing waste, processing and transport linked to mining activities. Mining activities impact biodiversity and ecosystemic services, liming the availability of and access to natural resources or reducing the quality thereof, thus also influencing the well-being and means of subsistence of communities.	Indirect
E	Damage to natural balance	Linked to (1) significant ground use for prospecting, exploring, extracting and storing waste, processing and transport linked to mining activities and waste storage. Mining activities generate large volumes of waste, including hazardous waste, in particular from the mining or processing of minerals. These waste flows may contain toxic or harmful substances such as asbestos, arsenic, cadmium, chrome, copper, lead, manganese, mercury and thallium.	Indirect
E	Global warming	Linked to (1) energy consumption (electric power) inside the company's Prevalle plant, (2) natural gas consumption inside the Prevalle plant, (3) fuel for internal transport and external logistics, (4) the procurement of raw material meaning transport and material source, (5) waste management, (6) employee mobility, (7) energy consumption for supplier processing (mechanics workshops) made-to-measure components (TO BE VERIFIED)	Direct and indirect
E	Water resource shortages (mechanical processing activities)	Linked to the use of water resources in mechanical processes	Indirect
E	Deterioration of air salubrity	Linked to (1) the use of diesel for transport, (2) the emission of welding fumes into the atmosphere, (3) painting processes not performed in painting cabin, (4) testing of plants which operate with electric motors and rely on diesel powered electrical generator	Direct
E	Increased environmental load due to disposal of plastic and electric panels	Linked to (1) disposal of plastic used in electric powers, which are difficult to manage during the recycling phase	Indirect
E	Potential negative effects due to end of product life	Linked to (1) potential difficulties in disposal/ recycling/ reuse	Indirect
S	Damage to physical and psychological health of worker	Linked to (1) the nature of in-company work	Direct
S	Potential shortcomings in the development of competencies (training)	Linked (1) to a very basic training catalogue that should be expanded to provide a framework for staff development and growth	Direct
S	Lack of respect for rights over land and resources	Linked to (1) significant ground use for prospecting, exploring, extracting and storing waste, processing, transport and distribution linked to mining activities. When adjacent to local communities, often leads to involuntary resettlement and interruption of traditional means of subsistence, such as agriculture and artisan mining	Indirect
S	Potential non-guarantee of diversity	Linked to (1) the low presence of women at the company, or a culture of the industry that succeeds in including and attracting women in STEM	Direct
E	Rare lands	Linked to (1) mining activities for electric panel production, which require large quantities of rare lands	Indirect
E	Use of metals for hydraulic components	Linked to (1) the use of metals for the composition of hydraulic components (tube with iron core	Indirect

GRI 3-3
Management of material topics
Detailed information on positive impacts and their relationship the company:

ESG	IMPACT	LINKED TO	DIRECT/ INDIRECT
E	Increased recycled material (metals) in circulation	Linked to (1) the activities of clients who use ZATO machinery	Direct
E	Increased biodiversity - Lightening of environmental load due to virgin material	Linked to (1) offering a product that can replace virgin. Indeed metal recycling activities enable metals already in use to remain in circulation and reduce mining activities	Direct
E	Lightening of exploitation of energy resources, water and material	Linked to (1) the use of recycled materials instead of virgin material	Indirect
E	Decarbonisation of metal supply chain	Linked to (1) the activities of clients who use ZATO machinery	Indirect
S	Economic stability at a local level	Linked to (1) the creation of employment and salary stability ensured by the company's solidity	Direct
G	Economic stability for proximity companies	Linked to (1) the creation of a market for proximity companies, for example arising from cooperation for made-to-measure components	Direct
S	Promotion of equality in salaries and contracts	Linked to ensuring (1) equal contracts and salaries at the company	Direct
S	Creation of green jobs	Linked to (1) the creation of local and international figures who work on this recycling technology (including machinery assistance) (2) local figures who work on the development and research into new recyclable products (e.g. photovoltaic panels).	Direct
S	Flexibility work-life balance	Linked to (1) flexibility the company provides its employees with, for a work-life balance (e.g. flexible work breaks, flexible start times in time band)	Direct
G	Increased education of the market regarding the recoverability of materials and machinery for recycling	Linked to (1) the company's product, provided with an information data sheet on machinery disassembly and recycling and (2) raising awareness on the importance of recycling in the metal industry	Indirect
G	Creation and distribution of economic value	Linked to (1) the company's activity, remuneration, taxable income	Direct
	Technological innovation	Linked to (1) development activities regarding recovery and recycling (e.g. new methods, machinery, processes for extracting new materials from machinery)	Direct

CLIMATE AND ATMOSPHERE

ENERGY

GRI 302-1
Energy consumed within the organisation

	Unit	2021	2022	2023
Diesel for Production and Buildings	Mhw	49.57	53.39	4.18
Natural gas	Mhw	85.43	79.14	93.38
Diesel	Mhw	154.14	243.16	287.85
Petrol	Mhw	9.78	10.01	11.78
Consumption of purchased electric power	Mhw	233.86	203.04	163.30
Of which from Renewable sources (Electric Power)	%	25.72	25.72	100
Total energy consumption	Mhw	532.78	588.74	560.94
Of which from renewable sources	%	11.29	8.87	29.11

GRI 302-3
Energy intensity
For these indicators we considered electric energy consumption.

	Unit	2021	2022	2023
electric power (KWh)/ kg product	(KWh)/kg	0.0197	0.0158	0.014

GRI 302-4
Reduction of consumption
Information on this indicator can be found on p. 29 of this Report.

GRI 302-5
Reductions in energy requirements of products and services
On page 41 we indicated average consumptions for machinery we release onto the market. The company aims to increase the energy efficiency of machinery and processing capacities by close cooperation with experts and researchers of the sector. We are committed to measuring trends in the next few years.

GREENHOUSE GAS EMISSIONS

GRI 305-1 Scope 1 Direct Emissions
GRI 305-2 Scope 2 Direct Emissions
GRI 305-3 Scope 3 Direct Emissions

CO_2 emissions (tons)		2021	2022	2023
Scope 1	Total Scope 1	67.07	81.36	88.94
Scope 2	Total Scope 2 (market based)	94.95	82.43	0
Scope 3*	Total Scope 3		4,400.74	4,401.20

GRI 305-4
Emissions intensity (Scope 1 and Scope 2)

	2021	2022	2023
Turnover	27,308,015	37,844,579	40,063,276
kg CO_2 Scope 1 + Scope 2	162,018	163,793.83	88,940
Emissions intensity	**0.00593**	**0.0043**	**0.0022**

GRI 305-5
Reduction of greenhouse gas emissions
Currently, in order to reduce our greenhouse gas emissions, we intend to maintain our electric power supply obtained from renewable sources, which enabled us to reduce Scope 2 emissions (calculated with the market based method) by 82.43 tons of CO2 in 2023. We also intend to develop increasingly efficient machinery requiring lower energy consumption, which would enable us to reduce our indirect Scope 3 emissions, because it would have a bearing on the use of our machinery by clients.

Emission factors - sources
- Diesel, petrol, natural gas: ADEME 2023
- Electric power: ADEME, average mix Italy

***Specific to Scope 3 emissions calculation**
Scope 3 of the carbon footprint includes indirect emissions linked to products and services. In order to calculate total scope 3 greenhouse gas emissions in this case, principle I of Pareto 20 (represent 80 of the carbon footprint of data points). The following data points were considered in the calculation of scope 3:
- Raw material: steel, electric engines, diesel engines, rubber
- Incoming transport (trucks): electric engines, diesel engines, steel*
- Waste
- Outgoing transport (trucks and ship): products*

Base data for calculation consist of the company's primary data in all cases not marked with an asterisk. For data indicated with asterisk, average data was used for calculation
Emission factors come from ADAME and the GHG Protocol and the calculation was completed with the support of Sirsa.
Important observations:
- Regarding steel: we have lowered the calculation based on the hypothesis that 100% of used steel comes from virgin sources, for which we have used an emissions factor from literature. Steel is the highest emissions point (95%) of our scope 3 footprint. Therefore pursuit of both objectives we identified in this area is crucial: (1) rebuilding the steel supply chain more thoroughly and improving source of provenance classification (blast furnace, electric furnace), (2) increase the proportion of steel from recycled sources, brining it up to 50% by 2025
- Emissions associated with the use of Zato products have not as yet been taken into consideration (due to insufficient data from clients)

RAW MATERIALS AND (ECO)SYSTEM

MATERIALS

GRI 301-1
Material used by weight and volume

Materials	Unit	2021	2022	2023
Steel*	Tons	1,744.00	2,247.09	1,474.55
Semi-finished ferrous materials	Tons	33.00	42.00	618.23
Screws	Tons	47.47	47.8	43.00
Rubber	Tons	0.56	1.27	2.62
Fat	Kg	1,296.00	747.00	830.00
Oils	Litre	7,483.00	3,568.00	2,250

*currently data on the % from recycling and the % of virgin material is not calculable

GRI 301-2
Recycled input materials used

Materials	Unit	2021	2022	2023
Cardboard	Tons	1.21	1.06	2.1

As specified for the previous indicator, we are aware that part of inbound steel comes from recycling, however current data on the % from recycling and the % from virgin sources is not calculable

BIODIVERSITY

GRI 304-1
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
The company is located approximately 15 km from an area included in the Nature 2000 network, however none of the threats identified in the analysis are attributable to the company's activities.

GRI 304-2
Significant impacts of activities, products, and services on biodiversity
Information on this indicator can be found on page 24 of this Report and on pages 60-61 of the Annex.

GRI 304-3
Protected or restored habitats
As yet the company has not developed a habitat restoration project.

WATER AND EFFLUENTS

GRI 303-1 Interaction with water as a shared resource
Information on this indicator can be found on page 36.

GRI 303-2 Management of water discharge-related impacts
The company does not have industrial discharge.

GRI 303-3 Water Withdrawal

Unit of measurement	Unit	2021	2022	2023
Potable water (≤1.000 mg/L total dissolved solid particles) collected from well	Mc	454	582	579.05

The collection point is not located in an area considered to be under water stress.

UNSEPARATED

GRI 306-1 Waste generation and significant waste-related impacts
A description of processes that determine the flow of output material flows and material and immaterial output waste is presented on page xx of this Report. In conducting impact analysis we assessed the possibility of negative impacts linked to waste production and no serious impacts arising from waste production were identified.

GRI 306-2 Management of significant negative impacts connected to waste
Waste-reducing activities are described on p. 34. Waste is collected by the Municipality of Prevalle and by Malu Srl, with whom we are interfacing in order to trace the final destination of waste conferred by us. Data have been extracted from the portal that follows the company for waste monitoring.

GRI 306-3 Waste generated
Management policies are provided on page 34 and measured results on page 35. Here follow explanatory tables for hazardous and non-hazardous waste:

HAZARDOUS WASTE (KG)

EWC Code		2021	2022	2023	Destination
8.01.11	Waste paint and varnish containing organic solvents or other hazardous substances	-	-	400.00	To be verified
13.02.08	Spent oils	0	1,370.00	150.00	recycling
13.08.02	Spent oils, other emulsions*	0	2,290.00	0	NA
14.06.03	Solvents	3,630.00	2,660.00	1,470.00	disposal/ storage
15.01.10	Packaging waste	300.00	0	860.00	incineration (energy recovery)
15.01.11	Metal packaging containing hazardous solid porous matrices	-	-	150.00	To be verified
15.02.02	Packaging waste**	2,870.00	1,790.00	440.00	incineration (energy recovery)
16.01.07	Oil filters	0	60	0	NA
16.01.21	Other hazardous components	90.00	90.00	0	NA
16.01.01	Other hazardous components	-	-	570.00	NA
17.06.03	Other insulating materials containing or consisting of hazardous substances	-	-	225.00	To be verified
Total Hazardous Waste		6,890.00	**8,260.00**	**4,265.00**	

* Reason for reduction: In May 2022 two tool machines were removed with relative operator

** Reason for reduction: since 2023 contract with specialised company that collects, washes and delivers oily rags and garments. Rags and garments are only decommissioned when they are no longer reusable

NON-HAZARDOUS WASTE (KG)

EWC Code		2021	2022	2023	Destination
08.03.18	Spent printer toners	0	20.00	0	NA
12.01.99	Processing waste	19,420.00	0	0	NA
12.03.01	Aqueous washing solutions	1,680.00	2,210.00	620.00	incineration (energy recovery)
15.01.01	Paper and cardboard packaging		8,320.00	15,000.00	recycling
15.01.02	Plastic packaging		9,100.00	10,000.00	recycling
15.01.03	Wooden packaging	20,660.00	25,090.00	25,890.00	recycling
15.01.06	Mixed material packaging	0	3,880.00	0	NA
16.02.14	End of life devices	0	1,300.00	0	NA
17.04.05	Iron and steel*	40,260.00	14,880.00	0	NA
17.04.07	Mixed metals*	8,500.00	16,900.00	0	NA
Total Non-Hazardous Waste		90,520.00	**81,700.00**	**51,510.00**	

GRI 306-4.5
Waste diverted from disposal; waste conferred to landfill
The company is conducting an in-depth analysis of processes and environmental policies of third parties to which it confers waste through the trusted manager. The work under way aims to complete a detailed review on the final destination of waste. In the table on this page we indicate the final destination, if such information is available to us. For waste down to 0 in 2023, destination specifications are not applicable

GROWTH AND NEW COMPETENCIES

TRAINING AND EDUCATION

GRI 404-1
Average number of training hours a year per employee

	Professional categories		2021	2022	2023
			Total	Total	Total
Voluntary training	Managers	Hours	16	0	2
	Middle Managers	Hours	0	13	20
	Clerks	Hours	2	15	10
	Workers	Hours	2	0	2
	Average total of voluntary training hours	Hours	**3.05**	**8.28**	**7.52**
Mandatory training	Managers	Hours			2
	Middle Managers	Hours			0
	Clerks	Hours			1
	Workers	Hours			16
	Average total of training hours per employee	Hours	**1.90**	**1.81**	**6.91**

GRI 404-2
Skill refresher and transition assistance programs for employees
The company has added this topic to objectives for the next few years and began actively working on the development plan in the first few months of 2024.

GRI 404-3
Percentage of employees receiving periodic performance and professional development reviews
The company has added this topic to objectives for the next few years and began actively working on the development plan in the first few months of 2024.

WELL-BEING AND ENGAGEMENT

EMPLOYMENT

401-1
New hires and turnover

Employees (years)		2021				2022				2023			
		< 30	30-50	>50	Total	< 30	30-50	>50	Total	< 30	30-50	>50	Total
Total number of incoming employees according to gender, age group	Men	1	4	2	7	2	8	2	12	3	7	1	11
	Women	2	1	0	3	0	0	1	1	2	0	2	4
	Total	**3**	**4**	**3**	**10**	**2**	**6**	**5**	**13**	**5**	**7**	**3**	**15**
Total number of incoming employees according to gender, age group	Men	1	3	0	4	0	6	2	8	2	7	2	11
	Women	1	2	0	3	2	1	0	3	0	0	1	1
	Total	**2**	**5**	**0**	**7**	**3**	**3**	**5**	**11**	**2**	**7**	**3**	**12**
Total number of incoming employees according to gender, age group (positive turnover)	Men	20%	27%	15%	21%	0%	0%	25%	34%	67%	0%	40%	36%
	Women	67%	33%	0%	33%	33%	44%	18%	13%	60%	39%	8%	31%
Total number of outgoing employees according to gender (negative turnover)	Men	20%	20%	0%	12%	0%	33%	18%	23%	40%	39%	17%	31%
	Women	33%	67%	0%	33%	100%	55%	0%	38%	0%	0%	20%	9%

GRI 401-2
Benefits provided to full-time employees that are not provided to temporary or fixed-term contract employees
There are no part-time employees at the company. In any case, policy does not provide for differentiation of benefits (e.g. healthcare assistance, parental leave, insurance coverage) in full time and part time contracts. However, one of the executive benefits from more extensive supplementary healthcare coverage.

GRI 401-3
Parental leave
To date few employees have benefited from parental leave. In 2020, one employee received 10 days of paternity leave; in 2021 one employee received maternity leave which continued into 2022, however despite part-time and flexible hour conditions, the employee terminated the work contract.
In 2023 there were 2 people who went on paternity leave, i.e. who took 10 days of parental leave

HEALTH AND SAFETY

GRI 403-1
In-company health and safety management system
Information on this indicator can be found on page 50.

GRI 403-2
Hazard identification, risk assessment and investigation of accidents
The company prepares a Risk Assessment Document as provided for in Italian Legislative Decree 81/08.

GRI 403-3
Occupational health services
The company has identified and appointed an occupational health doctor who conducts periodic inspections.

GRI 403-4
Participation and consultation of workers and occupational health and safety communication
Information on this indicator can be found on page 51.

GRI 403-5
Occupational health and safety training
Information on this indicator can be found on page 46.

GRI 403-6
Promotion of workers' health
Currently the company does not provide non-occupational health and medical services beyond those provided for by the CONFINDUSTRIA METAL WORKING National Collective Labour Agreement.
Executives are also covered under FASI (supplementary healthcare assistance system) medical cover.
Medical visits are conducted by the occupational health doctor and the results of visits are kept confidential. The company is only notified of the person's suitability to carry out the job they were hired for, or their suitability with the implementation of due precautions.

GRI 403-7
Prevention and mitigation of occupational health and safety impacts on work directly linked by business relations
Currently the company does not actively manage the topic.

GRI 403-8
Workers covered by an occupational health and safety management system
All workers are covered by a health and safety management system. Currently this system is not certified by an external body, however the company has undertaken the pathway towards UNI ISO 45001:2018 system certification. There are no workers who are unemployed at the company.

GRI 403-9
Work-related injuries
Zato aims to maintain zero injuries just like in 2022, through the more systematic collection of all near accidents and the reinforcement of internal communication channels on risk factors encountered by workers and continuous internal risk communication.

Employees	Unit	2021	2022	2023
Employee hours of work	h	77,011	84,927	90,854
Total number of recordable work-related injuries, including deaths	no.	1	0	1

GRI 403-10
Occupational disease
No cases of occupational disease have ever been recorded at the company.

WELL-BEING AND ENGAGEMENT

DIVERSITY

GRI 405-1
Diversity in governance bodies and employees
Information on this indicator can be found below and excludes the Chief Executive Officer, who is female.

	Professional categories	2021		2022		2023	
		Women	Men	Women	Men	Women	Men
Employees per employment category as at 31 December	Managers	0.00%	100.00%	0	100.00%	0.00%	100.00%
	Managers (middle managers)	0.00%	100.00%	13	80.00%	25.00%	75.00%
	Clerks	45.00%	55.00%	15	57.89%	47.83%	52.17%
	Workers	0.00%	100.00%	0	100.00%	0.00%	100.00%
	Total staff per gender	**21.43%**	**79%**	**8.28**	**79%**	**26.09%**	**74%**

	Professional categories	2021			2022			2023		
		< 30	30-50	>50	< 30	30-50	>50	< 30	30-50	>50
Employees per category and age group	Managers	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%	0.00%	50.00%	50.00%
	Managers (middle managers)	0.00%	0.00%	100.00%	0.00%	80.00%	20.00%	0.00%	75.00%	25.00%
	Clerks	35.00%	40.00%	25.00%	36.84%	36.84%	26.32%	31.82%	36.36%	31.82%
	Workers	5.88%	52.94%	41.18%	5.88%	47.06%	47.06%	5.56%	50.00%	44.44%
	Total staff divided into age groups	**19.05%**	**42.86%**	**38.10%**	**18.60%**	**46.51%**	**34.88%**	**17.39%**	**45.65%**	**36.96%**

GRI 405-2
Ratio of basic salary and remuneration of women to men
This indicator is now on p. 53.

LOCAL COMMUNITIES

GRI 413-1
Operations with local community engagement, impact assessments, and development programs
In the report we have included donations disbursed to support local communities. To improve the transparency and efficiency of our donations and sponsorships we have decided to annually allocate a percentage of our EBITDA to projects that support the local area and associations that animate it. Concretely, each year we will invest 0.35% of our EBITDA in two main areas: youth sports and civil protection. Not only does this approach ensure greater transparency in the management of resources, it also provides clarity for applicant bodies with reference to main fields of intervention, thus focusing energies.

GRI 413-2
Operations with significant actual and potential negative impacts on local communities
Information on this indicator can be found on p age 52 of this report. For each material topic we indicated the actual and potential impacts, also considering possible links with the territory and local communities.

GRI ABRIDGED CONTENTS

Section/ material topic	Subsection	GRI indicator		Page	Notes
GENERAL INFORMATION	The organisation and its reporting practices	2-1	Organisational details	Annex p. 56	
		2-2	Entities not included in consolidated financial statements	Annex p. 56	
		2-3	Reporting period, frequency, contacts	Annex p. 56	esg@zato.it
		2-4	Restatement of information	Annex p. 56	
		2-5	External assurance	Annex p. 56	This report did not undergo an external assurance process.
	Activities and workers	2-6	Activities, supply chain and other business relationships	Annex p. 56	
		2-7	Employees	Annex p. 56	
		2-8	Workers who are not employed	Annex p. 56	
	Governance	2-9	Governance structure and composition	Annex p. 57	
		2-10	Appointment and selection of the highest governance body	Annex p. 58	
		2-11	Chairman of the highest governance body	Annex p. 58	
		2-12	Role of the highest governance body in the management of impacts	Annex p. 58	
		2-13	Delegation of responsibility for managing impacts	Annex p. 58	No delegation of responsibility for managing impacts has been defined for this first report.
		2-14	Role of the highest governance body in sustainability reporting	Annex p. 58	
		2-15	Conflicts of interest	Annex p. 58	
		2-16	Communication of critical concerns	Annex p. 58	
		2-17	Collective knowledge of the BoD	Annex p. 58	
		2-18	Evaluation of the performance of the highest governance body	Annex p. 58	
		2-19	Remuneration policies	Annex p. 58	The company omits this indication for reasons of confidentiality.
		2-20	Process to determine remuneration	Annex p. 58	The company omits this indication for reasons of confidentiality.
		2-21	Annual total remuneration ratio	Annex p. 58	
	Strategies, policies and practices	2-22	Letter to stakeholders	Annex p. 4	
		2-23	Policy commitments	Annex p. 59	
		2-24	Embedding policy commitments	Annex p. 59	
		2-25	Remediation processes for negative impacts	Annex p. 59	
		2-26	Mechanisms for seeking advice and raising concerns	Annex p. 59	
		2-27	Compliance with legislation and regulations	Annex p. 59	No cases of legislative non-compliance were recorded during the reporting period.
		2-28	Membership associations	Annex p. 59	
	Involvement of stakeholders	2-29	List of stakeholder groups	Annex p. 59	
		2-30	Collective Bargaining Agreements	Annex p. 59	

GRI ABRIDGED CONTENTS

Section/ material topic	Subsection	GRI indicator		Page	Notes
MATERIALITY		3-1	Process to determine material topics	p.22-25, Annex p. 60-61	
		3-2	Material topics	p.22-25, Annex p. 60-61	
		3-3	Management of material topics	p.22-25, Annex p. 60-61	

Section/ material topic	Subsection	GRI indicator		Page	Notes
CLIMATE AND ATMOSPHERE	Energy	302-1	Energy consumption within the organisation	p.30, Annex p. 62	
		302-3	Energy intensity	p.30, Annex p. 62	
		302-4	Reduction of consumption	p.29	
	Emissions	305-1	Scope 1 direct emissions	p.30, Annex p. 62	
		305-2	Scope 2 indirect emissions	p.30, Annex p. 62	
		305-3	Scope 3 indirect emissions	Annex p. 62	
		305-5	Reduction of greenhouse gas emissions	Annex p. 63	
	Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Annex p. 63	
		304-2	Significant impacts of activities, products, and services on biodiversity	Annex p. 63	
		304-3	Protected or restored habitats	Annex p. 63	
		303-2	Management of water discharge-related impacts	Annex p. 63	
		303-3	Water withdrawal	p. 36, Annex p. 63	

Section/ material topic	Subsection	GRI indicator		Page	Notes
CLIMATE AND ATMOSPHERE	Materials	301-1	Material used by weight and volume	p. 35, Annex p. 63	
		301-2	Recycled input materials used	p. 34-35 Annex p. 63	Data on incoming recycled material is currently only available for packaging material; we are working on steel supply chain analysis (our main raw material) to precisely determine how much input steel comes from recycling. Currently estimates are available only, however precise data is also essential for supporting our objective of achieving 50% recycled input steel by 2025.
	Waste	306-1	Waste generation and significant waste-related impacts	p. 34-35 Annex p. 64	
		306-2	Management of significant waste-related impacts	p. 34-35 Annex p. 64	
		306-3	Waste generated	p. 35, Annex p. 64	
		306-4	Waste diverted from disposal	Annex p. 64	
		306-5	Waste directed to disposal	Annex p. 64	

GRI ABRIDGED CONTENTS

Section/ material topic	Subsection	GRI indicator		Page	Notes
GROWTH AND NEW COMPETENCIES	Training and education	404-1	Average number of training hours a year per employee	p.45, Annex p. 65	
		404-2	Skill refresher and transition assistance programs for employees	p.46-47	
		404-3	Percentage of employees receiving periodic performance and professional development reviews	Annex p. 56	

Section/ material topic	Subsection	GRI indicator		Page	Notes
WELL-BEING AND ENGAGEMENT	Health and safety	403-1	In-company health and safety management system	p. 50-51 Annex p. 66	
		403-2	Hazard identification, risk assessment and investigation of accidents	p. 50-51 Annex p. 66	
		403-3	Occupational health services	P. 50-51 Annex p. 66	
		403-4	Participation and consultation of workers and occupational health and safety communication	p. 51, Annex p. 66	
		403-5	Occupational health and safety training	p. 51, Annex p. 66	
		403-6	Promotion of workers' health	p. 46, Annex p. 66	
		403-7	Prevention and mitigation of occupational health and safety impacts on work directly linked by business relations	p. 51, Annex p. 66	The company has added this topic to the objectives for the following years.
		403-8	Workers covered by an occupational health and safety management system	Annex p. 66	
		403-9	Work-related injuries	Annex p. 66	
		403-10	Occupational disease	p. 51, Annex p. 66	No cases of occupational disease have ever been recorded at the company.
	Employment	401-1	New hires and turnover	p. 51, Annex p. 66	
		401-2	Benefits for full-time employees but not for part-time employees or fixed-term contract holders	Annex p. 66	
		401-3	Parental leave	Annex p. 66	
	Market presence	202-2	Upper management percentage hired from local community	Annex p. 66	100% of management is from the local community.
	Diversity	405-1	Diversity in governance bodies and employees	p.10, Annex p. 53	
		405-2	Ratio of basic salary and remuneration of women to men	p. 53	
	Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	p. 52	In the report we have included donations disbursed to support local communities.
		413-2	Operations with significant actual and potential negative impacts on local communities	p. 60-61	

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