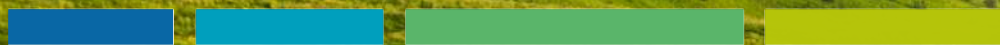


SUSTAINABILITY REPORT 2023



Content

To our Stakeholders		About		ILPEA Sustainability, Responsibility and Impact		Appendix	
CEO Message	4	ILPEA's 2023 Key Sustainability Achievements	8	Planet	36	Performance Indicators	85
		ILPEA Group Profile	10	Product	56	Materiality Process	96
		Governance Tenure and Oversight	23	People	62	Methodological Note	103
				Society	74	GRI Content Index	107
				Supply Chain	79		
				Human Rights	82		



To our Stakeholders

CEO Message to our stakeholders



Dear Stakeholders,

I am pleased to present ILPEA's 2023 Sustainability Report, which highlights progress in advancing environmental, social, and governance (ESG) objectives.

Sustainability is integral to ILPEA's long-term strategy, establishing the company as a leader in addressing global challenges and a key differentiator in an increasingly competitive market. Throughout the reporting year, various initiatives were successfully implemented in alignment with the ESG strategy, resulting in reduced carbon emissions, sustainable product development, and responsible resource management across all operations.

ILPEA's decarbonization strategy has delivered substantial results, achieving a -14% reduction in Scope 1 and 2 CO₂e emissions compared to the 2021 baseline.

Key actions driving these results include targeted investments in CAPEX projects, such as the installation of energy-efficient equipment, heat recovery systems, emission reduction scrubber systems, and LED lighting with a low energy impact. ILPEA has also expanded the use of renewable energy at its manufacturing sites, through the installation of photovoltaic systems and sourcing energy from renewable resources.

Further progress has been made in optimizing the recycling and reuse of waste and scrap materials, in conjunction with the development of new products designed with lower density, fewer virgin materials, and increased recyclability. This approach not only decreases the demand for primary resources but also minimizes waste disposal. By improving material efficiency, ILPEA has simultaneously reduced energy consumption across production processes, contributing to the overall reduction in emissions.

A primary focus remains ensuring the highest environmental performance during product development. By offering eco-friendly solutions backed by life cycle assessment (LCA) studies, ILPEA extends product lifecycles and improves recyclability, further advancing the transition toward a circular economy. Additionally, efforts to integrate Scope 3 emissions into the decarbonization strategy are progressing, with a focus on the supply chain's role in overall emissions reduction.

Furthermore, ILPEA's commitment to operational excellence is demonstrated by the 100% success rate in ISO 14001 environmental certification audits across its sites, highlighting the implementation of virtuous environmental management systems within operations. On the social perspective, ILPEA continues to uphold its commitment to ethical governance and social

responsibility, fostering a diverse and inclusive workforce while ensuring fair labor practices across its global operations.

As highlighted in the results, more details can be found in the Sustainability Report. Looking ahead, ILPEA will continue to pursue its sustainability ambitions, leveraging innovation to enhance performance and create lasting positive benefits.

Paolo Ciffadini
Chairman & C.E.O.





About

About

ILPEA's 2023 Key Sustainability
Achievements

ILPEA Group Profile

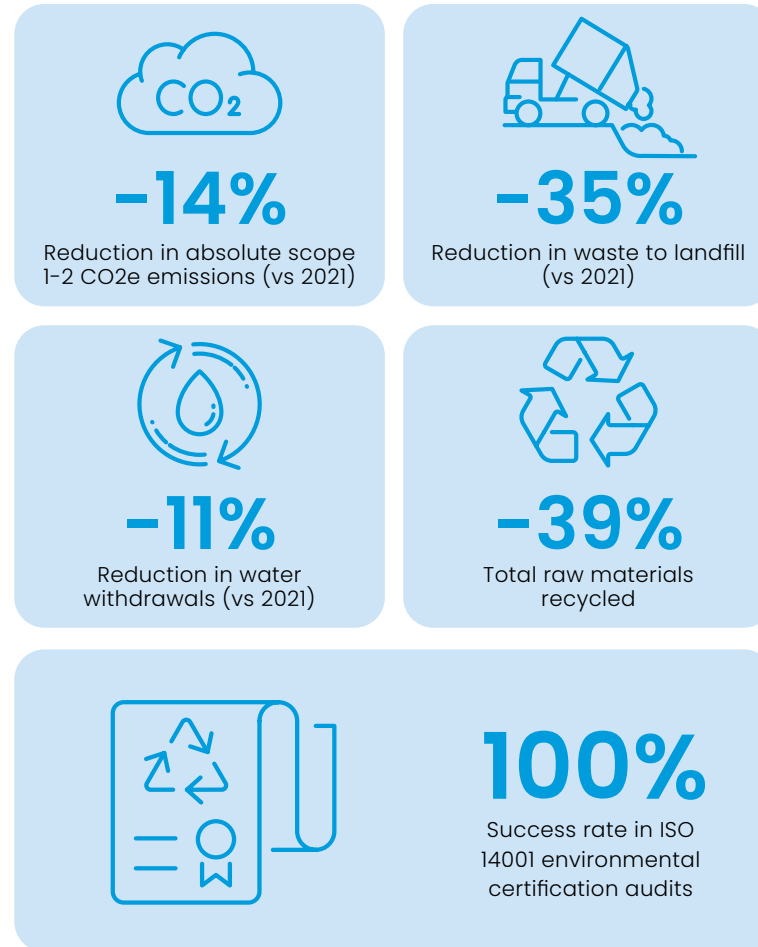
Governance Tenure and Oversight

ILPEA's 2023 Key Sustainability Achievements

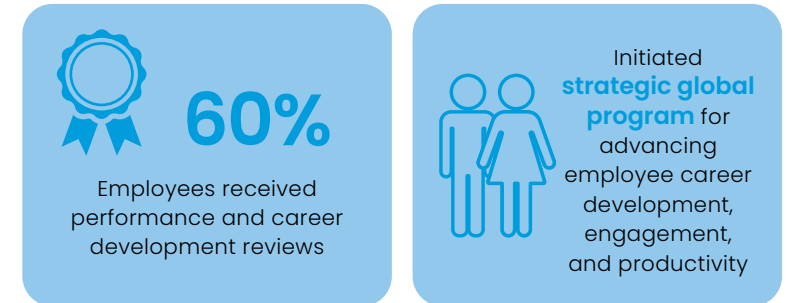


ILPEA's 2023 Key Sustainability Achievements

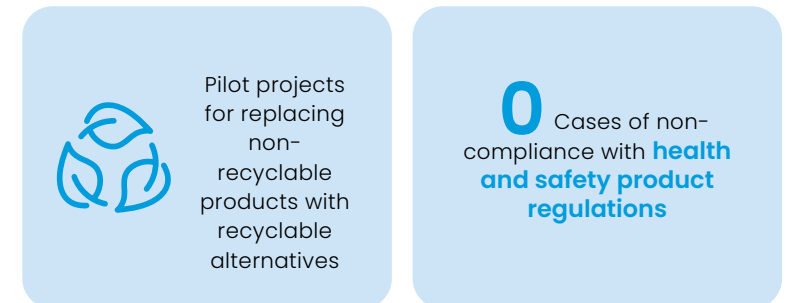
Planet



People



Product



Society



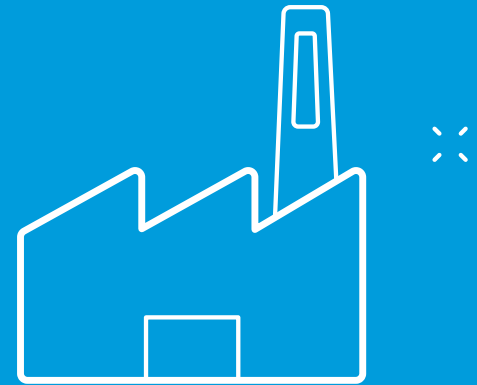
About

ILPEA's 2023 Key Sustainability
Achievements

ILPEA Group Profile

Governance Tenure and Oversight

ILPEA Group Profile



Company history

ILPEA is a leading international manufacturer and supplier of plastics, magnetic, and rubber components, serving the household appliances, automotive, and building sectors.

Founded in 1960 in Malgesso (Varese, Italy), ILPEA has made significant strides in global expansion and operational excellence:

1970's

Merged with US-based PANTA-SOTE INC., expanding into the European market and diversifying into rubber products for appliances and plastic components for automotive applications;



until 2000

Established joint ventures in Hungary and India, and acquired companies in Spain, Brazil, Italy, and the USA, enhancing production capacity and aligning with the strategy of customer proximity;

2002 onward

Expanded into emerging markets such as Poland, Turkey, and Russia, further developed operations in Hungary, Brazil, and Mexico, and recently extended into Morocco, South Africa, Romania, and Argentina.

1960's

Began as a startup focused on magnetic gaskets for refrigerators in Italy and established a joint venture in Germany;

1989

Executed a Management Buy-Out of European Pantasote plants, with support from major international banks, solidifying ILPEA's European presence;



2001

Acquired HOLM INDUSTRIES, INC. and its facilities in the US and Mexico, creating the current ILPEA Group structure;

3

business
units



household
appliances



automotive



building

Business model

ILPEA's mission centers on advancing excellence through material innovation, product design, and manufacturing processes. To realize this vision, the Group leverages the expertise of its workforce to address the evolving demands of the global market and continually meet customer needs.

The Group focuses on ensuring the sustainability of its products and services by consistently investing in research and development of innovative and sustainable solutions. It remains attuned to emerging market trends, striving to stay ahead of industry developments.

ILPEA operates as a B2B company, serving a diverse range of key multinational customers through three main business units:

- Household Appliances
- Automotive
- Building

Each unit follows a unified industrial and market strategy, while ensuring flexibility through dedicated management, research and development, and sales teams tailored to specific industry needs.



The business can be segmented by product types as follows:

1. **Plastic materials:** ILPEA produces advanced components for both the appliance industry (e.g., magnetic and non-magnetic gaskets, profiles, hoses) and the automotive sector (e.g., glass and door profiles, circuit hoses). This unit, present in most ILPEA plants, utilizes a vertically integrated production process to meet customer demands efficiently, supported by R&D departments in Italy, Spain, and the USA.
2. **Magnetic products:** This unit operates in Italy, Poland, and the USA, focusing on flexible magnetic profiles for refrigerator door gaskets made from in-house ferrite-based compounds. It also supplies magnetic products to the automotive and building sectors.
3. **Rubber products:** With a long history in producing technical rubber items for household appliances, this unit has expanded significantly, with production sites in Italy, Poland, the USA, Mexico, and Russia. Its versatile structure and technology enable the development of a wide range of components adaptable to various industries, including construction and automotive.

ILPEA employs an integrated business model that spans design, development, and manufacturing to maximize productivity and achieve high manufacturing

standards. Components and products are designed in-house through collaborative co-design processes with customers. The Group utilizes a broad array of tools and specific production techniques, including co-extrusion. In terms of raw material production, ILPEA focuses on internal transformation of key materials such as magnetic powder, PVC-resin base, TPV-TPE compounds, and rubber compounds.

ILPEA's structure

Headquartered in the United States, the ILPEA Group comprises the parent company ILPEA Parent Inc. and two major holding companies: ILPEA Industries Inc., based in the USA, and Industrie ILPEA SpA, incorporated in Italy.

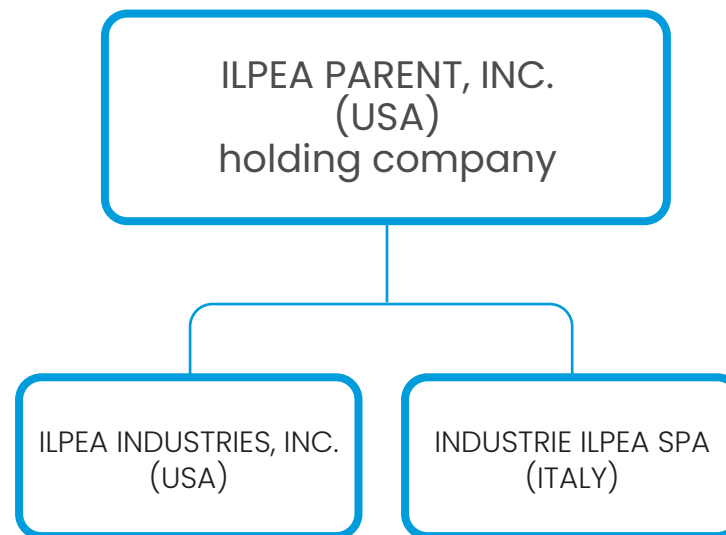
These entities, collectively referred to as "Material Subsidiaries" in this report, oversee various subsidiaries across different regions, either directly or indirectly.

In this Report, the terms "ILPEA Group" or "ILPEA" refer to all the companies mentioned above, including their respective subsidiaries.

When discussing specific aspects related to a particular company or subsidiary within the Group, the exact name will be used. For more details, please refer to the Methodological Note of this Sustainability Report.

As illustrated in the map below, ILPEA operates globally with a network of 32 production plants across 14 countries and 5 continents. Each plant specializes in one or more of the Group's production lines.

This extensive international presence offers significant advantages, enabling ILPEA to maintain proximity to customers' production facilities. This strategic positioning supports efficient, cost-effective delivery and the ability to tailor solutions to meet local market and customer needs, supported by a "just in time" logistics approach.



To our Stakeholders

About

ILPEA Sustainability, Responsibility and Impact

Appendix



32 production plants **14** countries **5** continents



The ILPEA Group's ESG Business Strategy aligns with the United Nations' 2030 Agenda for Sustainable Development, which encompasses 17 Sustainable Development Goals (SDGs).

ILPEA's financial performance

On October 31, 2023, ILPEA Group, generated consolidated revenues of approximately 484 million euros, with an increase of approximately 2,3% with respect to the previous reporting period (nearly 473 million euros as of October 31, 2022) .

The strongest growth in Euro sales was mainly realized in the appliance sector, followed by the automotive and lastly by the construction sector. During fiscal year 2022, sales in the appliance sector increased mainly thanks to the rising selling prices (recovering the increased costs of inputs and utilities); sales in the automotive sector, despite some temporary production halts of ILPEA's main customers still due to shortages of components (such as electric ones), recorded a steady increase. Sales in the construction sector increased, driven by public construction works and the introduction of national and local initiatives for private construction.

The overall good financial performance achieved during the year is once again a clear indicator of the competitive positioning of the whole ILPEA Group, achieved overtime thanks to its international footprint, endless drive towards product and process innovation, important investments in research and development and pursuit of long-term and prosperous partnerships with customers.



Sustainability Management

ILPEA embarked on its sustainability journey with the introduction of its first ESG Business Strategy and Targets in 2022, based on 2021 data. This strategy, approved by the Board of Directors, serves as a blueprint for defining key focus areas for ESG reporting and establishing short-, medium-, and long-term targets to enhance the Group's ESG performance. Progress is monitored annually against these targets.

¹ ILPEA's fiscal year ranges from November 1st to October 31st. For further details, please refer to the methodological note.

The ILPEA Group's ESG Business Strategy aligns with the United Nations' 2030 Agenda for Sustainable Development, which encompasses 17 Sustainable Development Goals (SDGs) and 169 targets aimed at eradicating poverty, reducing inequalities, stimulating economic growth, and addressing climate change. ILPEA's plan contributes to these goals by promoting sustainable development, creating lasting value, and ensuring the continued success of its core operations.

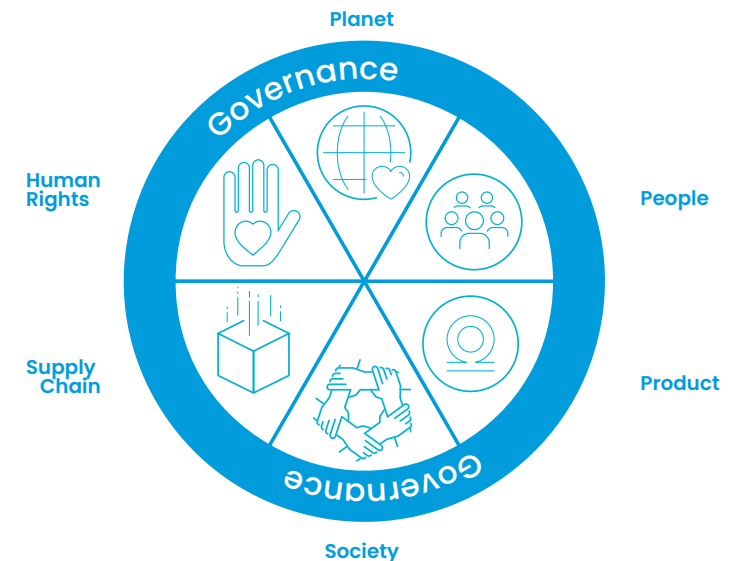
The Group's sustainability strategy is organized into seven key areas, each representing a critical focus for advancing its sustainability agenda:

- Governance – Establishing robust policies and practices to ensure ethical leadership and accountability in all aspects of the Group's operations.
- Planet – Emphasizing environmental stewardship, resource management, and addressing climate change impacts.
- People – Prioritizing employee well-being, development, and safety.
- Product – Enhancing product quality and innovation.
- Society – Engaging with and supporting local communities and customers.
- Supply Chain – Ensuring responsible practices throughout the supply chain.
- Human Rights – Upholding and promoting human rights across all operations.

This Sustainability Report is structured around these core focus areas to clearly present ILPEA's goals, activities, and achievements in each sector, providing a comprehensive overview of the Group's efforts towards sustainable development.

ILPEA has attentively monitored its progress throughout 2023. The targets, detailed in the table below, have been reviewed and updated as necessary during the year to better align with the Group's capabilities and potential.

This ongoing assessment ensures that the targets remain relevant and achievable, reflecting ILPEA's commitment to adapting its sustainability strategy in response to real-world conditions and advancements.



¹ ILPEA's fiscal year ranges from November 1st to October 31st. For further details, please refer to the methodological note.

Governance

Business Ethics & Integrity



target	base year	target year
Publish an updated Code of Ethics	2021	2022
Increase the awareness by training 100% of employees on ILPEA's Code of Ethics	2021	2024
Ensure that all employees know where to find the reporting mechanism, including ESG issues, via whistleblowing email	2021	2025

Data Protection & Cybersecurity



target	base year	target year
Provide annual training on our data protection & cybersecurity practices for 100% of employees who work with our systems (reaching the milestone of 50% by 2023)	2021	2024
Define a set of controls aligned with TISAX (aligned with ISO 27001) at HQ and automotive sites	2021	2024

Planet

Energy & Emissions



target	base year	target year
Improve energy efficiency at our manufacturing sites, warehouse and offices by 20%	2021	2030
Increase the portion of renewable energy for our operations to 20%	2021	2030
Reduce carbon emissions by 30% (scope 1, 2)	2021	2030
30% of the plants to have a certified environmental management system (ISO 14001)	2021	2025

Climate Change



target	base year	target year
Implement a pilot project to mitigate the effects of climate change	2021	2025

Planet

Sustainable Logistics



target	base year	target year
Set up a logistics platform and start monitoring transport emissions	2021	2025

Waste Management



target	base year	target year
Reduce the proportion of waste to landfill in all manufacturing sites, warehouse and offices by 10%	2021	2025
Reduce the portion of hazardous waste by 10%	2021	2025
Implement scrap recycling by reaching 90% for magnetic products and 70% for plastic materials	2021	2025

Planet

Water Management



target	base year	target year
Reduce water withdrawals at our manufacturing sites by 15%	2021	2027
Monitor water discharge at all manufacturing sites, both from qualitative and quantitative perspectives	2021	2027

People

Diversity, Equity & Inclusion



target	base year	target year
Increase the proportion of women in the first level of management by 10%	2021	2027
100% of employees to have completed a training on diversity, equity, and inclusion	2021	2025

Workplace Health & Safety



target	base year	target year
Zero fatalities and serious accidents in all manufacturing sites	2021	2025
Reduce employee accident frequency rate by 15%	2021	2025

People

Employee Wellbeing & Engagement



target	base year	target year
Implement an annual engagement survey for the whole ILPEA Group	2021	2025
Reduce the absenteeism (sick level) by 10% vs 2021	2021	2025

Talent Attraction and Development



target	base year	target year
Promote career development programs globally for the whole ILPEA Group	2021	2025

Product

Circular Economy



target	base year	target year
Implement a pilot project to evaluate relevant circular business models that can be scaled up (e.g. take back scheme of ILPEA products)	2021	2025

Innovation & Sustainable Product



target	base year	target year
Promote the replacement of non-recyclable products with recyclable ones (e.g. replacement of rubber with thermoplastic elastomers)	2021	2025

Sustainable Packaging



target	base year	target year
100% of packaging to be reusable, recyclable or compostable	2021	2025

Society

Community Impact & Development



target	base year	target year
Introduce the opportunity of taking part to sustainable initiatives for employees / local communities	2021	2025
Partner with schools and universities to attract students in all countries in which ILPEA operates	2021	2025

Supply chain

Responsible Sourcing



target	base year	target year
Ensure transparency in mineral and material supply chains from high-risk areas, working toward a conflict-free supply chain	2021	2025

Responsible Sourcing



target	base year	target year
Publish a Supplier Code of Conduct	2021	2025
Supplier Code of Conduct signed by -100% new suppliers -70% current suppliers	2021	2025
Tier 1 suppliers involved in self-assessments including sustainability criteria: -100% new suppliers -70% current suppliers	2021	2025

Human Rights

Human Rights



target	base year	target year
Publish a Human Rights policy	2021	2022

About

ILPEA's 2023 Key Sustainability

Achievements

ILPEA Group Profile

Governance Tenure and Oversight

Governance Tenure and Oversight



ILPEA's Governance

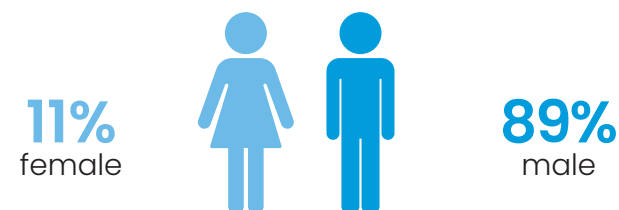
ILPEA Group has implemented a corporate governance system designed to ensure effective management and create value for all shareholders and stakeholders.

The governance of ILPEA Parent is overseen by the Board of Directors. This body is tasked with setting and guiding the strategic direction of the Group, monitoring the risk management system, and establishing policies for risk identification and analysis. Through these responsibilities, the Board ensures that the Group remains aligned with its strategic objectives and effectively manages potential risks.

As of October 31, 2023, the Board of Directors of ILPEA Parent comprises 9 members, including the Chairman, who also serves as the CEO of the ILPEA Group. The Board includes 7 executive Directors, including the CEO, and 2 non-executive, independent Directors.

The two Material Subsidiaries, ILPEA Industries Inc. and Industrie ILPEA S.p.A., each have a Board of Directors consisting of 9 members. Local subsidiaries are managed by either a Board of Directors or a sole Director, depending on their size and significance.

Composition of the Board of Directors by gender



Members of the highest governance body at ILPEA serve a three-year term, which is renewable. The ultimate parent company, ILPEA Equity LLC, is responsible for appointing the governance bodies of ILPEA Parent Inc. and its Material Subsidiaries. The selection and nomination process for these bodies emphasize professionalism, independence, experience, ethics, and diversity.

Where legally required, Group companies are also overseen by Statutory or Surveillance bodies. Specifically, the Board of Directors of Industrie ILPEA S.p.A., a Material Subsidiary, is supported by a Board of Statutory Auditors composed of three non-executive, independent auditors.

To ensure effective risk monitoring, Industrie ILPEA S.p.A. has established a Supervisory Body, known as the

“Organismo di Vigilanza,” which oversees adherence to conduct codes and also manages reports from the Group’s Whistleblowing system.

The auditing of ILPEA Group’s consolidated financial statements is conducted by KPMG S.p.A.. Additionally, KPMG S.p.A. audits the statutory and consolidated financial statements of Industrie ILPEA S.p.A., while KPMG LLP USA performs the audit for ILPEA Industries Inc.

ILPEA prioritizes the independence of its highest governance body. To this end, the Group assesses potential conflicts of interest before appointments and annually or as necessary. Board members, Statutory Auditors, and Directors are required to periodically disclose any interests or circumstances that could create a conflict of interest, ensuring such situations are addressed and mitigated.

The Group’s remuneration policy for directors and managers is set by the Board of Directors. This policy includes the determination of the CEO’s remuneration and the parameters for the variable pay system, which includes management by objectives (MBO). The MBO system incorporates targets related to sustainability issues.

ESG Governance

The Board of Directors of ILPEA Parent Inc. is dedicated to developing and implementing strategies, policies, targets, and activities related to sustainable development.

To ensure effective oversight, a Board Member has been designated as the ESG Board Member Delegate, responsible for overseeing and ensuring the progress of the ESG strategy in line with business objectives, as well as providing regular updates to the Board of Directors on the advancement of ESG programs and key milestones.

The Board of Directors recognizes both current and potential impacts—positive and negative—on the economy, environment, society, arising from ILPEA’s activities and value chain. It commits to thoroughly evaluating decisions and resolutions to support the sustainable growth of the Group. The Board regularly reviews the Group’s ESG performance, management of sustainability issues, and outcomes of implemented processes, considering external requirements, regulatory changes, and stakeholder expectations. The ESG Delegate provides periodic reports on the progress and status of ESG initiatives to the Board. The Board is also responsible for examining and approving the materiality analysis, prioritizing topics, and assessing their impacts—both direct and indirect—on the economy, environment, and society.

Additionally, the Board reviews and approves the Group's ESG targets and the information included in the Sustainability Report.

At the corporate level, ILPEA has established an ESG Department that reports and regularly updates the ESG Board Member Delegate and the Board of Directors. The Group's ESG Department is responsible for:

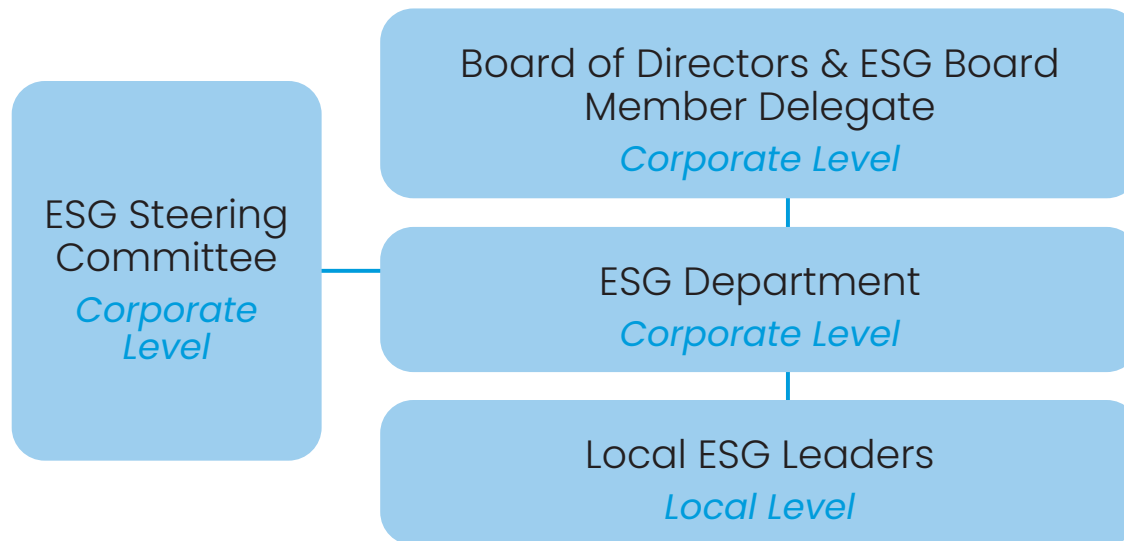
- Setting and endorsing short-, medium-, and long-term ESG objectives aligned with the overall business strategy;
- Translating the Group's ESG strategy into actionable global projects that aim to foster both sustainability and business growth across all operations;

- Monitoring and assessing the Group's ESG performance against established targets to ensure ongoing progress and compliance with regulatory frameworks;
- Continuously developing and updating policies and initiatives that reflect the evolving landscape of environmental, social, and governance standards;
- Coordinating with local facility leaders to implement ESG projects that align with the Group's global strategy.

As a support function within ILPEA's governance structure, the ESG Steering Committee has been established to address potential challenges and ensure the effective implementation of sustainability initiatives.

This committee comprises C-level executives and other senior Board members, including the ESG Board Member Delegate, who act as key sponsors of ILPEA's sustainability strategy. The committee is responsible for identifying and mitigating roadblocks, facilitating the advancement of ESG projects in alignment with the Group's sustainability goals. It provides strategic oversight and drives the execution of the ESG roadmap across all global subsidiaries.

In addition, at the local level, dedicated ESG team leaders, who report functionally to the ESG Department, have been appointed to effectively translate global sustainability policies into practical local projects and initiatives. These leaders are responsible for ensuring that



Top Management (Sustainability)



Paola Cittadini
V.P. Sales



Claudio Talamona
Group C.F.O. & IT Director



Roberto Bianchi
V.P. Operations and Human Resources



Vincenzo Siciliano
V.P. Global Procurement & ESG



Roberto Brambilla
Cost & Planning Manager
President of Supervisory Body



Josep Vila
C.E.O. of ILPEA España



Federico Colli
C.E.O. of ILPEA do Brasil



Wayne Heverly
President of ILPEA Industries

local operations comply with sustainability regulations and standards. They play a crucial role in monitoring plant performance and key performance indicators, providing comprehensive oversight to ensure that sustainability goals are achieved and continuously enhanced.

Stakeholder Engagement

ILPEA is dedicated to maintaining a continuous dialogue with its stakeholders, defined as all parties who influence or are influenced by the Group's activities. The Group values these interactions as opportunities to understand and address stakeholder needs, fostering ongoing engagement and collaboration.

Identifying key stakeholders, both internal and external, is a crucial priority for ILPEA. This process involves assessing their needs and expectations, managing relevant issues and concerns proactively, and defining actions that align with stakeholder interests. The goal is to ensure a transparent and effective communication channel.

Below are the primary categories of stakeholders with whom ILPEA regularly engages:

- Internal Stakeholders: This includes employees, trade unions, management, and the Board of Directors. Regular engagement with these groups helps in understanding

internal concerns, expectations, and aligning on organizational goals.

- External Stakeholders: This encompasses customers, suppliers, contractors, business partners, local communities, regulatory bodies, and financial institutions. Engaging with these stakeholders is vital for addressing external concerns, meeting market demands, and complying with regulatory requirements.

ILPEA is committed to maintaining open and constructive relationships with its stakeholders, who are integral to the company's operations and success.

The Group prioritizes understanding and addressing the needs and expectations of these stakeholders through various engagement channels tailored to each category. For employees, ILPEA fosters engagement through a range of initiatives. Regular events and training courses are organized to enhance skills and knowledge, while periodic meetings ensure open communication. To gauge and improve workplace morale, the Group conducts climate surveys and maintains communication through emails.

ILPEA engages with trade unions through scheduled meetings involving both union representatives and Company officials. Additionally, collective bargaining sessions are held to address and negotiate labor-related matters.



The Group underwent the EcoVadis sustainability assessment, achieving a score of 56/100 and earning a Bronze Medal.

Customers are a central focus for ILPEA. The company maintains strong relationships through regular meetings, on-site audits to ensure compliance, and direct communication with the Sales Department. Emails are also used to keep customers informed and address any inquiries.

For suppliers, contractors, and business partners, ILPEA ensures robust interaction by organizing periodic meetings and conducting on-site audits to oversee compliance. Regular email correspondence supports ongoing communication and issue resolution.

ILPEA actively engages with local communities through sponsorship of local events and initiatives, partnerships with schools, and contributions to community projects. Membership in industry associations at both local and national levels further strengthens community ties, and meetings with local representatives help address community concerns and opportunities.

Interactions with institutions and local authorities involve participation in meetings with regulatory bodies and authorities to stay informed and compliant with local regulations.

Finally, the financial community is engaged through participation in surveys and questionnaires related to ILPEA's ESG performance, providing transparency and

insights into the company's sustainability efforts and financial health.

This multi-faceted approach ensures that ILPEA's stakeholder relationships are effectively managed and continuously nurtured.

To address stakeholder demands for communication and transparency regarding ESG performance, ILPEA participates in the most internationally recognized ESG ratings, such as CDP and EcoVadis.

In 2023, ILPEA received a C Rating in the CDP Climate Change Questionnaire and a B Rating in the Water Security Questionnaire. Additionally, during the reporting year, the Group underwent the EcoVadis sustainability assessment, achieving a score of 56/100 and earning a Bronze Medal. This assessment evaluated ILPEA's performance across key areas, including environmental impact, labor and human rights, ethics, and sustainable procurement.

Risk Assessment

ILPEA undertakes regular risk assessments to evaluate compliance with various regulatory requirements, including legal risks, anti-competitive practices, corruption, business ethics, and climate- and water-

related risks. The goal is to gauge the likelihood and impact of these risks on the Group's operations and activities, both in the immediate and long term.

The most recent ESG Risk Assessment was conducted by ILPEA in 2022 to identify the most critical environmental, social, and governance risks. This assessment involved direct engagement with all ILPEA locations, including surveys completed by key local leaders, ensuring a pragmatic and inclusive approach that captured the realities of the company's operation.

The assessment highlighted several high-priority risks for the Group, in order of priority:

1. Talent Management: The ability to attract, develop, and retain a skilled, engaged, and diverse workforce is crucial for the Group's sustained performance.
2. Health and Safety: Ensuring a safe working environment to prevent injuries, accidents, and illnesses among employees.
3. Information Security: Addressing risks related to cybersecurity and data protection to safeguard sensitive information.
4. Regulatory Changes: Staying abreast of current and emerging ESG regulations and their implications.
5. Product Quality and Safety: Maintaining high standards to ensure customer satisfaction and protect health and safety.

Additionally, ILPEA identified several medium- to low-relevance risks, including anti-competitive practices, responsible supply chain management, environmental issues, conflict minerals, and violations of ethical principles (e.g., discrimination, harassment, etc.).

ESG risk assessments are conducted globally across all subsidiaries. Following the ESG Risk Assessment, the Group has implemented targeted actions aimed at continuous improvement, including the allocation of responsibilities across different internal functions, ensuring that these measures are effectively addressed across all operations.

Business Ethics and Integrity

ILPEA places a high value on conducting business with integrity and fairness. Unethical practices can have serious repercussions, including damage to the company's reputation, loss of credibility, and difficulties in maintaining relationships with stakeholders.

The principles guiding ILPEA's behavior and operations are outlined in the Code of Ethics and various corporate policies, which are integral to the Group's governance system.

The following policies are in effect across all Group



ILPEA has implemented an Organization, Management, and Control Model to prevent crimes and unethical practices.

companies:

- Code of Ethics
- Supplier Code of Conduct
- Quality, Health, Safety, Environment and Sustainability Policy
- Human Rights Policy
- Conflict Minerals Policy
- Whistleblowing Procedure
- Privacy Policy
- Anti-Bribery Policy

The Code of Ethics and all aforementioned policies have been approved by the Board of Directors. They are shared across internal company networks with all employees and are publicly accessible to all stakeholders on the Group's website.

The Code of Ethics serves as a foundational document for guiding ethical conduct within the organization's activities. It outlines the principles and guidelines governing ILPEA's operations worldwide and directs the behavior of all personnel. This Code also articulates ILPEA's expectations for all internal and external parties involved, ensuring adherence to its principles throughout the value chain.

ILPEA strictly opposes corruption in all forms, as detailed in the Anti-Bribery Policy. This policy outlines measures to prevent, detect, and address bribery and corruption, ensuring compliance with relevant anti-corruption laws

such as the UK Bribery Act and the US Foreign Corrupt Practices Act.

In addition to the Code of Ethics, ILPEA has implemented an Organization, Management, and Control Model to prevent crimes and unethical practices. This Model includes procedures and controls for effective risk management.

The Supervisory Body, known as "Organismo di Vigilanza," plays a key role in overseeing compliance. Its key responsibilities include:

1. Compliance with the Organization, Management, and Control Model;
2. Evaluation of the Model's effectiveness;
3. Proposals for updates or modifications;
4. Monitoring internal control procedures and high-risk areas.

The Supervisory Body regularly reports to the Board of Directors and the Board of Statutory Auditors of Industrie ILPEA S.p.A., ensuring continuous communication and oversight.

Ethics guidelines and policies are disseminated throughout the Group and implemented by local facilities, with global oversight ensuring adherence.

In 2023, ILPEA launched its inaugural global e-learning course on "Ethics and Human Rights" through the



0
confirmed
incidents of
corruption.

corporate training academy. This course marks a significant advancement from previously independent local sessions to a unified, standardized program that spans all locations and involves the entire workforce.

Its primary objective is to deepen ethical awareness throughout the organization, fostering a cohesive and global approach across the entire organization.

During the reporting period, 55% of the Board members and 53% of employees completed the training. ILPEA has committed to achieving 100% completion for all employees and Board members by the end of 2024, underscoring its commitment to fostering a strong ethical culture.

Employees who received training on ethics and human rights – 2023

	n.	%
Management	103	52%
White collars	638	74%
Blue collars	1,716	48%
Total employees that have received training on ethics and human rights	2,457	53%

ILPEA addresses suspected wrongdoing or unethical behavior promptly and appropriately. The company has established a comprehensive whistleblowing procedure

that outlines the steps for reporting misconduct. This procedure outlines the steps to be followed when reporting suspected misconduct, ensuring that all claims are investigated thoroughly to determine their validity and to minimize the risk of further unethical behavior.

A whistleblowing tool is available to all stakeholders via the link <https://report.ilpea.com/#/>, allowing individuals to make either named or anonymous reports. Any critical issues identified through this tool are promptly managed by the Group and communicated to the Board of Directors. During the reporting period, no critical concerns were reported to the highest governance body.

In the reporting year, five reports were submitted through the whistleblowing procedure, all related to social issues, and they have all been resolved.

In 2023, ILPEA reported zero confirmed incidents of corruption. This includes no cases where employees were dismissed or disciplined for corruption or where contracts with business partners were terminated due to corruption violations. Similarly, there were no legal actions pending or completed related to anti-competitive conduct, anti-trust laws, or monopoly legislation.

During the reporting period, ILPEA did encounter a few instances of non-compliance with laws, regulations, and voluntary agreements, particularly concerning

environmental issues at its USA plants. These instances did not result in significant financial impacts and are being promptly addressed at the facility level.

Progress Towards Targets

- Achieved
- WIP
- Not yet begun
- Behind schedule

Whistleblowing tool available here:



Business Ethics & Integrity



target	base year	target year	status 2023
Publish an updated Code of Ethics <i>Status 2023: Code of Ethics updated and approved by the Board of Directors in December 2022.</i>	2021	2022	●
Increase the awareness by training 100% of employees on ILPEA's Code of Ethics <i>Status 2023: Global "Ethics & Human Rights" course launched in 2023, 53% achieved; continuing to reach the target.</i>	2021	2024	●
Ensure that all employees know where to find the reporting mechanism, including ESG issues, via whistleblowing email <i>Status 2023: Implemented communication initiatives and training sessions on whistleblowing.</i>	2021	2025	●

Data Protection and Cybersecurity

ILPEA upholds a comprehensive Privacy Policy that outlines the principles governing the protection, collection, processing, management, and storage of personal data. This policy adheres to regulatory requirements, including the General Data Protection Regulation (Regulation EU 2016/679 - GDPR), to safeguard individual rights and privacy.

To ensure robust data protection:

- New activities or processes involving personal data undergo thorough assessments to evaluate the adequacy of safety measures and identify potential risks;
- An established privacy organizational chart assigns specific roles and responsibilities to authorized personnel handling personal data;
- Periodic training is provided to all staff involved in data management, enhancing their understanding of privacy protocols;
- Comprehensive security measures, including procedures and countermeasures, are in place to prevent unauthorized access, use, modification, or disclosure of personal data. A data breach procedure is implemented to address any unauthorized access or processing of personal data.

- Achieved
- WIP
- Not yet begun
- Behind schedule



0
complaints
regarding
data
breaches
or privacy
violations

All employees are encouraged to handle confidential information with care and secure their PCs, laptops, and workstations.

In response to cybersecurity threats, ILPEA actively manages risks and mitigates potential threats through:

- The development of specific policies and procedures for cybersecurity.

- Implementation of reliable IT systems, such as web filters and security software.

- Ongoing communication and training to raise awareness among personnel.

- A governance system that includes annual supervision, internal audits, and third-party vulnerability assessments.

In 2023, no complaints regarding data breaches or privacy violations were received from external parties or regulatory authorities. Additionally, no data breaches, leaks, or thefts of personal data were reported.

Progress Towards Targets

Data Protection & Cybersecurity



target	base year	target year	status 2023
Provide annual training on our data protection & cybersecurity practices for 100% of employees who work with our systems (reaching the milestone of 50% by 2023)	2021	2024	●
<i>Status 2023: Started development of global training on Data Protection and Cybersecurity.</i>			
Define a set of controls aligned with TISAX (aligned with ISO 27001) at HQ and automotive sites	2021	2024	●
<i>Status 2023: Underway. TISAX Certifications obtained in Spain and Brazil.</i>			

A close-up photograph of a green leaf with a water droplet, symbolizing sustainability. The leaf's veins are clearly visible, and the droplet is in sharp focus, reflecting light. The background is a soft, out-of-focus green.

ILPEA Sustainability, Responsability and Impact

Planet

Product

People

Society

Supply Chain

Human Rights

Planet



Energy, Emissions and Climate Change

ILPEA is focused on reducing its environmental impact by minimizing energy consumption. This approach is central to the Group's strategy for lowering greenhouse gas (GHG) emissions and achieving long-term decarbonization goals.

ILPEA is actively developing and implementing measures to mitigate and adapt its environmental impact across procurement, production, and distribution activities. The Group is actively working on initiatives to reduce both direct and indirect energy consumption:

- **Enhancing Energy Efficiency:** Across all operational sites, ILPEA is investing in advanced equipment, including heat exchangers, compressors, and motors, to minimize energy consumption and reduce costs. Additionally, the Group is utilizing energy recovered from production processes for supplementary heating or manufacturing needs.
- **Increasing Renewable Energy Use:** The Group is expanding its use of renewable energy sources. Key initiatives include the installation of solar panels at plants in Italy and Spain.

ILPEA's direct and indirect energy consumption primarily arises from production activities at its manufacturing

sites, facility heating, air conditioning, lighting, the company fleet, and various other operational uses. Numerous actions have been taken to achieve reductions in GHG emissions, including, but not limited to, switching to self-produced energy from renewable sources, switching to alternative fuels for the corporate fleet (e.g. hybrid vehicles), harnessing and utilizing heat generated by compressors for heating spaces and adopting electric forklifts.



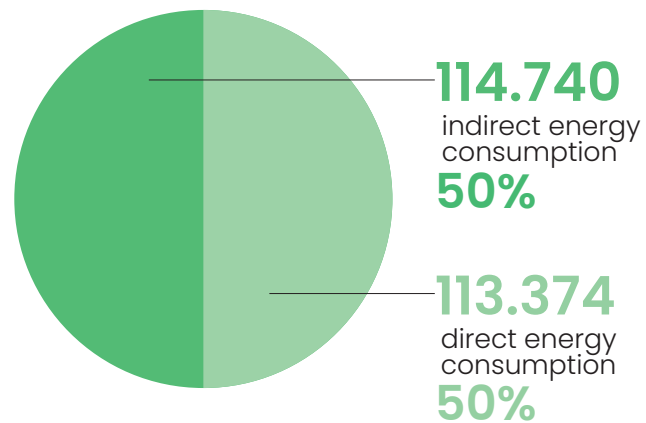
In the current reporting period, total energy consumption amounts to 228,114 MWh, whereby 113,374 MWh refer to directly consumed energy both from non-renewable sources and company owned vehicles, specifically from natural gas, petrol, diesel, and LPG, and from internally produced renewable energy, and the remaining amount,

precisely 114,740 MWh, to indirect energy consumption, deriving from electricity.

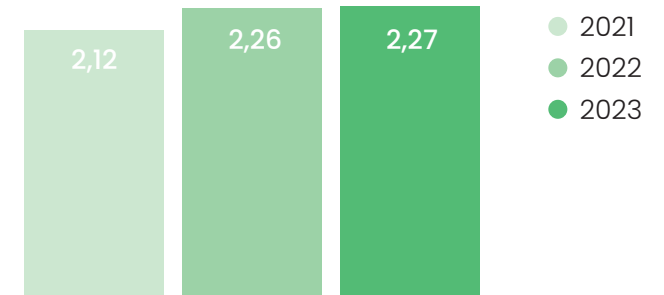
Energy consumption has decreased by 10% compared to the 2021 baseline values, dropping from 255,722 MWh to 228,114 MWh. This demonstrates the effectiveness of the company's ongoing investments in energy efficiency.

Energy intensity amounts to 2.27 MWh/tons of product sold (compared to 2.12 MWh/tons of product sold in 2021). This indicates a stable performance, although some variability and accuracy in the product mix data may influence the normalized indicators.

2023 Energy Consumption (kWh)

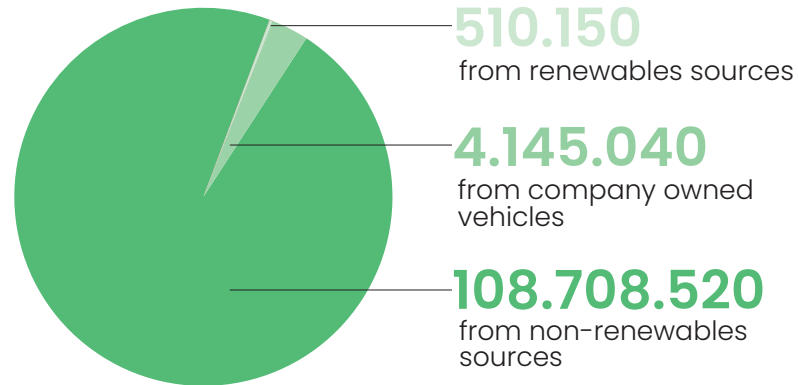


2021 – 2023 Energy Consumption (MWh/tons of product sold)



Renewable energy refers to the energy, internally produced by the photovoltaic panels that are present in two of ILPEA's plants, specifically Malgesso in Italy and Polinya in Spain.

2023 Direct Energy Consumption (kWh)



During the 2023 reporting period, these solar panels have generated renewable energy for a total value of 510,150 kWh, the majority of which (505,713 kWh) has been produced in Malgesso, where extensive investments regarding photovoltaic panels have been made during the reporting period and are currently in progress.



ILPEA has started calculating its Scope 3 emissions in accordance with the GHG Protocol.

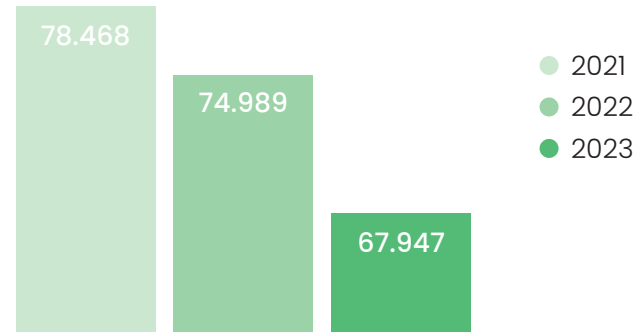
Direct (Scope 1) GHG Emissions (t CO₂e)

	2021	2022	2023
From non-renewable sources	23,450	22,965	20,023
Natural gas	22,583	22,172	19,178
Diesel	28	50	26
LPG	839	744	819
From company owned vehicles	891	912	943
Natural gas	463	462	19,178
Diesel	389	382	26
LPG	39	67	819
Total Scope 1 emissions	24,341	23,877	20,966

Indirect (Scope 2) GHG Emissions (t CO₂e)

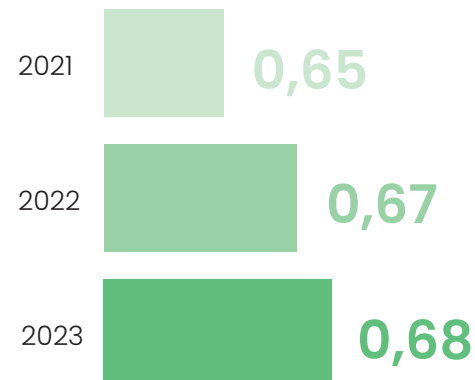
	2021	2022	2023
Total Scope 2 emissions - location based	48,927	44,903	41,643
Total Scope 2 emissions - market based	54,127	51,112	46,981
Total Scope 1-2 emissions	78,468	74,989	67,947

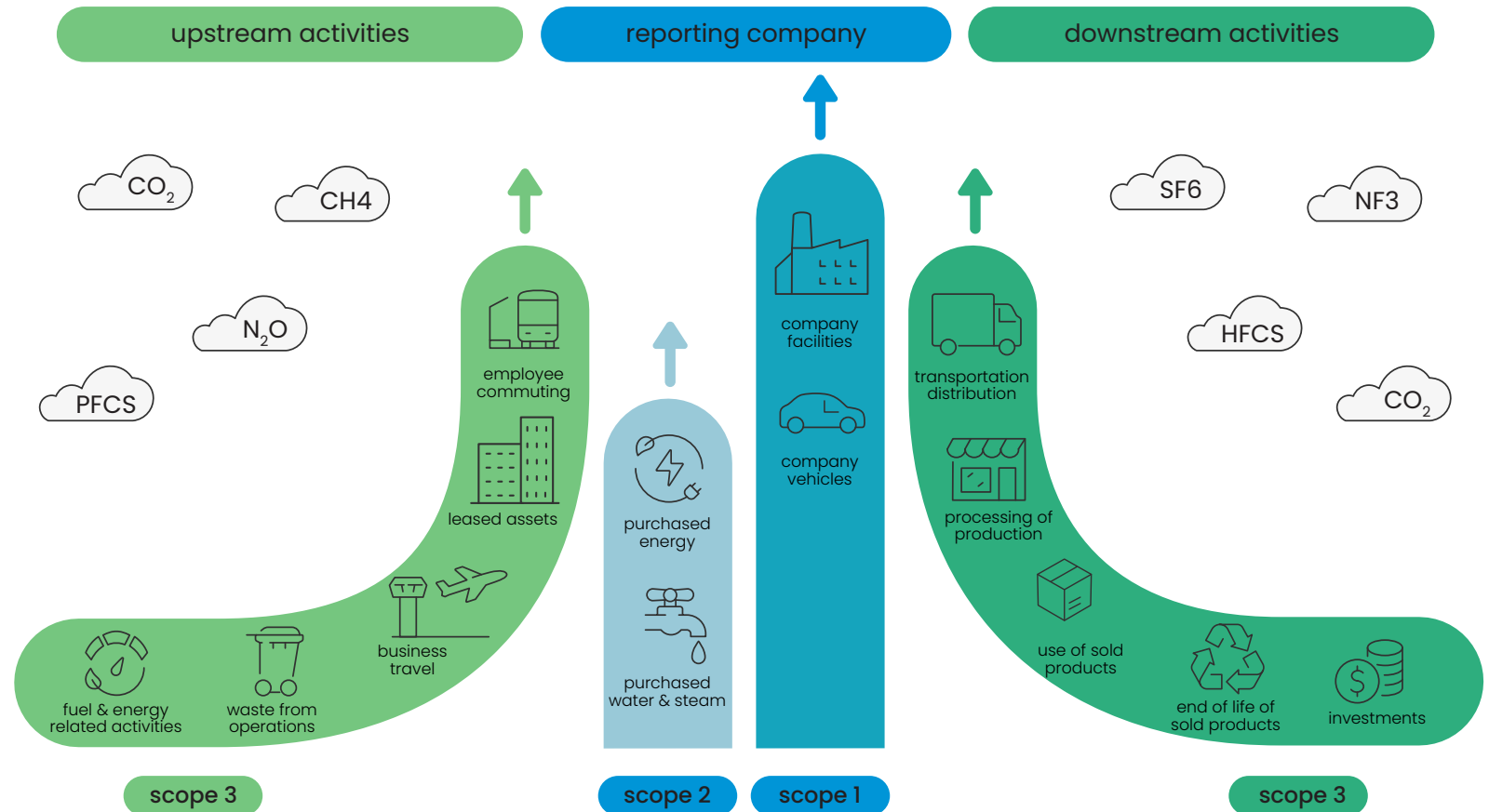
2021 - 2022 - 2023 Direct (Scope 1) & Indirect (Scope 2) GHG emissions (tCO₂e)



With the increased expertise in greenhouse gas accounting, awareness has also grown regarding the understanding that significant emissions stem from activities within a company's value chain, not covered in Scope 1 and Scope 2 emissions reporting activities. ILPEA, recognizing the impact throughout its value chain, has started calculating its Scope 3 emissions in accordance with the GHG Protocol. Scope 3 includes all the indirect emissions that occur in the upstream (emissions related to goods and services purchased or acquired), and downstream (emissions related to goods and services sold) activities of the company.

2021 - 2022 - 2023 GHG emissions Intensity (tCO₂e/tons of product sold)





Below is the process followed for calculating Scope 3 emissions.

Categories identification

1

The identification of Scope categories is based on three activities:

- Analysis of the GHG Protocol and in particular the recommendations of the Technical Guidance for Scope 3 calculation
- Involvement of internal reference functions.

Data Collection Sheets

2

For each identified category, specific data collection sheets, both qualitative and quantitative, are subsequently prepared. These are sent to internal functions identified in the previous phase.

Data processing and calculation Scope

3

Once the data from the activities within the scope of analysis have been collected, the Scope 3 emissions will be estimated at the Group level using the relevant emission factors. This step will finalize the Group's GHG Inventory.

For the fiscal year 2023, Scope 3 emissions for the whole Group were equal to 170,624 tCO₂.

The three Scope 3 categories identified as the most relevant and impactful for the total carbon footprint are Category 1: Purchased Goods and Services, Category 3: Fuel and energy related activities, Category 4: Upstream Transportation and Distribution.

This selection was based on an initial mapping and analysis of all categories, considering the specific characteristics of the business and the recommendations of the GHG Protocol.

Scope 3 Emissions (%)

9,382

Cat. 4: Upstreaming transportation

9,232

Cat. 3: Fuel and energy related activities

152,009

Cat. 1: Purchased goods and service

2023 Highlights

- **Malgesso (IT)**: Advanced filtration systems were implemented to significantly lower dust emissions, and a new photovoltaic system was installed, highlighting the site's commitment to renewable energy.
- **Twardogora (PL)**: Launched a heat recovery project to repurpose energy from compressors for heating water and office spaces, showcasing an innovative approach to minimizing environmental impact.
- **Joinville (BR)**: Focused on reducing energy consumption by replacing traditional heating cells on welding tables with infrared lamps and installing energy meters for better consumption management.
- **USA**: Numerous initiatives have been implemented to improve energy efficiency. These include the installation of advanced HVAC systems and regular building maintenance to enhance operational effectiveness. Automated systems have been introduced for better energy management, alongside the transition from DC to AC motors and the installation of Variable Frequency Drives (VFDs)

on air compressors to optimize energy usage.

- Achieved a significant milestone with successful third-party audits for ISO 14001 Environmental Certification at **Tangier (MA)**, **Celaya (MX)**, **Monterrey (MX)**, and **Joinville (BR)**. Sites such as **Pitesti (RO)**, **Twardogora (PL)**, **Manisa (TR)**, **Velimese (TR)**, **Eskisehir (TR)**, **Polinyà (ES)**, **Aoiz (ES)**, and **Jászberény (HU)** passed their ISO 14001 certification maintenance audits. The process to obtain ISO 14001 certification was also initiated at **Malgesso (IT)** and **Orcenico (IT)**.

Progress Towards Targets

Energy & Emissions



target	base year	target year	status 2023
Improve energy efficiency at our manufacturing sites, warehouse and offices by 20%	2021	2030	●
<i>Status 2023: Continue directing CAPEX investments toward energy efficiency projects.</i>			

- Achieved
- WIP
- Not yet begun
- Behind schedule

target	base year	target year	2023 status
Increase the portion of renewable energy for our operations to 20%	2021	2030	●
<i>Status 2023: Continue self-generating renewable energy. Analysis for purchasing renewable energy is ongoing. CO2 reduction is directly linked to the actions outlined above.</i>			
Reduce carbon emissions by 30% (scope 1, 2)	2021	2030	●
<i>Status 2023: CO2 reduction is directly linked to the actions outlined above.</i>			
30% of the plants to have a certified environmental management system (ISO 14001)	2021	2025	●
<i>Status 2023: Target exceeded, moving from 6% to 40% of sites ISO 14001 certified in 2023.</i>			

Climate Change



target	base year	target year	2023 status
Implement a pilot project to mitigate the effects of climate change	2021	2025	●
<i>Status 2023: Photovoltaic systems installed at the Polinyà plant (ES) and Malgesso plant (IT).</i>			

- Achieved
- WIP
- Not yet begun
- Behind schedule

Sustainable Logistics

A key aspect of ILPEA's path towards sustainable development is logistics. The Group focuses on minimizing the environmental impact of distributing goods by sea, air, and land transportation, in collaboration with its suppliers.

The Group is committed to locate its production facilities as close as possible to customers' manufacturing plants, thus guaranteeing the following benefits:

- best logistics and lowest freight cost;
- transport optimization;
- "just in time" deliveries;
- reduced CO2 emissions due to transportation.

2023 Highlights

- A portion of over-the-road freight was successfully converted to intermodal transportation. Data analysis is ongoing to monitor the increase in intermodal and Ro-Ro transport, with Green Certificates being used for transparent tracking.

- A Transportation Management System (TMS) project was developed to optimize transportation processes. The TMS will include tools for monitoring

CO2 emissions from each transport and implementing measures to reduce these emissions effectively. The system is designed to provide data on distances traveled for each lane in KM/MI&NM, correlated with the gross weight transported. By the end of 2025, CO2 emissions calculations for each piece of equipment associated with specific routes are planned to be integrated into the TMS system.

Progress Towards Targets

Sustainable Logistics



target	base year	target year	status 2023
Set up a logistics platform and start monitoring transport emissions	2021	2025	●
<i>Status 2023: TMS Platform went live in 2023; CO2 calculations integration in progress.</i>			



**scrap
recycling
for both
magnetic
and
plastic
materials**

Waste Management

ILPEA promotes a production and consumption model focused on reusing and recycling materials. This approach extends the life cycle of its products, reduces waste, and minimizes the environmental impact of its activities.

ILPEA treats both hazardous and non-hazardous waste; while hazardous waste consists primarily of contaminated materials, lubricant filters, electronic waste, oil, and containers containing hazardous substances, non-hazardous waste refers to plastic, cardboard, wooden, PVC, metal, rubber, and magnetic strip waste. Where possible, the company favors the recovery of the materials rather than the disposal of industrial waste.

In line with its objectives of implementing scrap recycling for both magnetic and plastic materials, the Group recovers waste for recycling, with the intention of reusing it for its original purpose, also known as “preparation for reuse” technique. Additionally, waste materials may also find alternative purposes, including but not limited to the RDF production.

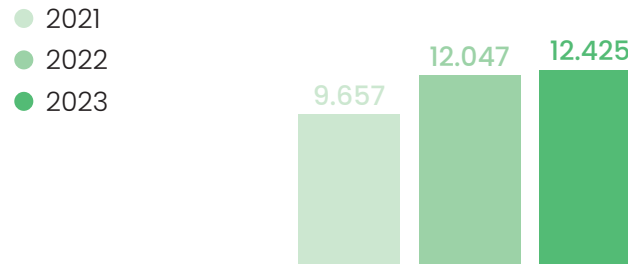
Moreover, the Group engages in recycling efforts for soft and rigid PVC scraps originating from gasket and twin production processes.



Presently, ILPEA Group places a strong emphasis on enhancing environmental awareness among its employees through targeted initiatives. These initiatives encompass training programs aimed at instructing employees on the proper disposal of waste into specially designated containers, the introduction of bins designated for recyclable waste, and customized communication campaigns focused on separate waste collection.

During 2023, the Group generated approximately 12,425 tons of waste, of which 90% as non-hazardous waste and the remaining amount as hazardous waste.

2021 - 2023 Waste generated (tons)



Waste recovery rates consistently exceed

50%

As far as waste recovery and disposal is concerned, during the reporting period, ILPEA recovered 7,175 tons of generated waste, and disposed 5,250 tons, mainly through landfilling and incineration.

As illustrated by the data, the recovery rates consistently exceed 50% and are steadily increasing. This trend underscores ILPEA's commitment to enhancing waste recycling practices, significantly improving the reduction of virgin raw material waste.

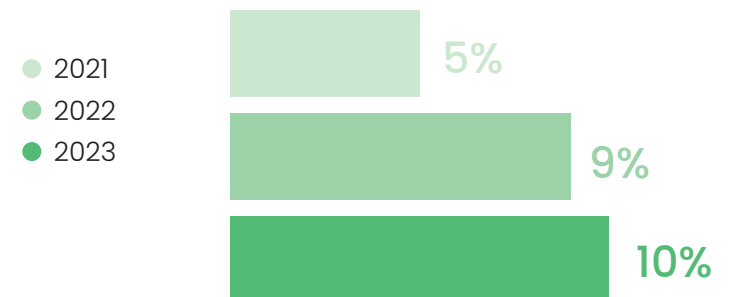
Changes in production processes and extraordinary cleaning activities have led to an increase in hazardous waste generation, rising from 5% in 2021 to 10% in 2023.

Waste generated (t)	2021	2022	2023
Hazardous Waste	517	1,080	1,290
Non-Hazardous Waste	9,140	10,967	11,135
Total Waste	9,657	12,047	12,425

Waste disposal diverted from RECOVERED (t)	2021	2022	2023
Hazardous Waste	15	546	1,061
Non-Hazardous Waste	3,600	5,035	6,114
Total Waste	3,615	5,581	7,175

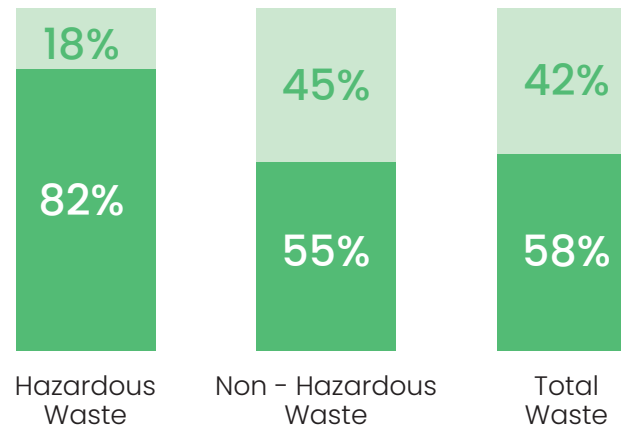
Waste directed to disposal DISPOSED (t)	2021	2022	2023
Hazardous Waste	502	533	229
Non-Hazardous Waste	5,540	5,933	5,021
Total Waste	6,042	6,466	5,250

2021 - 2023 Hazardous Waste (%)



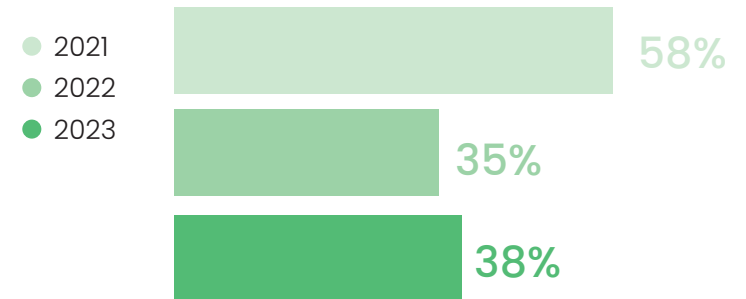
2023 Recovery and Disposal Rates (%)

- Waste directed to disposal - DISPOSED
- Waste directed to disposal - RECOVERED



Compared to the 2021 baseline, ILPEA is making progress toward its target of reducing the proportion of waste sent to landfill. Out of 5,250 tonnes of waste disposed of, which are not recycled, 4,746 tonnes were sent to landfill, while the remaining waste was directed to alternative disposal methods, such as incineration with energy recovery. Since 2021, this proportion of waste sent to landfill has decreased by approximately 35%, dropping from 58% to 38%. This improvement is attributed to the numerous initiatives implemented at the plant level to enhance waste separation and the identification of new partners for recycling rather than disposal.

2021-2022-2023 Waste to landfill (%)



2023 Highlights

- **Manisa (TR), Velimese (TR), and Eskisehir (TR):** Achieved "Zero Waste" Certification with regular third-party Environmental Expert audits.
- **Malgesso (IT):** Improved waste classification to better segregate and sell plastic packaging materials, including polyethylene and polypropylene (such as big bags and stretch film), to plastic recyclers. This enhancement boosts sorting efficiency and material recovery.
- **Pitesti (RO):** Organized awareness and engagement events, including voluntary waste

sorting and green space cleaning activities, through ILPEA GREEN DAY, to promote environmental stewardship among employees.

- **Ishitebe (ZA)**: Implemented waste management improvements including recycling PVC scraps and magnetic strips, reusing plastic bottles and cardboard, and producing cardboard belts from used materials.

- **Polinyà (ES) and Aoiz (ES)**: Improved waste control by segregating shrink film and adapting waste containers to better manage waste quantities, enhancing overall waste management efficiency.

- **Joinville (BR)**: Established new waste recovery partnerships and completed the construction of a new Waste Center to improve performance in waste separation and recycling.

- Achieved
- WIP
- Not yet begun
- Behind schedule

Progress Towards Targets

Waste Management



target	base year	target year	status 2023
Reduce the proportion of waste to landfill in all manufacturing sites, warehouses, and offices by 10%	2021	2025	●
<i>Status 2023: In 2023, achieved a 35% reduction in landfill waste.</i>			
Reduce the proportion of hazardous waste by 10%	2021	2025	●
<i>Status 2023: Proportions increased due to additional production processes and extraordinary cleanings. Continue analyzing and taking actions to reduce hazardous waste generation.</i>			
Implement scrap recycling by reaching 90% for magnetic products and 70% for plastic materials	2021	2025	●
<i>Status 2023: Target achieved through internal recycling of industrial scraps from all production processes and subsidiaries (e.g., reprocessed PVC scraps, ferrous materials, etc.).</i>			

Water Management

ILPEA is aware of the impact resulting from the Group's production activities and the significance of water resources throughout all industrial processes.

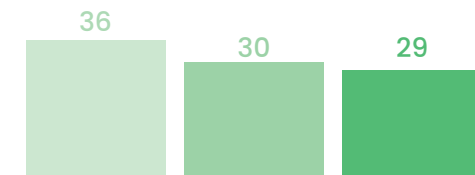
This awareness is especially crucial considering the escalating challenges brought about by climate change, such as drought and desertification, and the operational sites' reliance on water sources.

Water for operational sites is procured from various sources, including surface water such as rivers, groundwater, or local water service providers. Whenever feasible, internal water reuse practices are implemented within the operational sites, with special attention given to plants located in water-stressed areas.

During 2023, water consumption amounted to around 29 megaliters, whereby water withdrawals, under the form of fresh surface water, ground water and water derived from a third party, were equal to 957 megaliters and water discharges, mainly fresh water, and third-party water, reached 928 megaliters. ILPEA continues to focus on strategic investments to enhance water efficiency, aiming to reduce withdrawals, especially in sites with higher water usage and regions experiencing water stress.

2021-2022-2023 Water Consumption (ML)

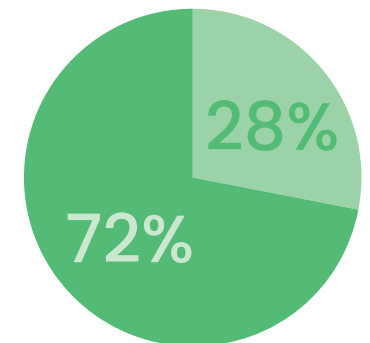
- 2021
- 2022
- 2023



Among the total 957 megaliters of water withdrawals, 32 megaliters, representing 3%, come from water-stress areas. Approximately 8 production plants across the ILPEA Group are located in these regions.⁴

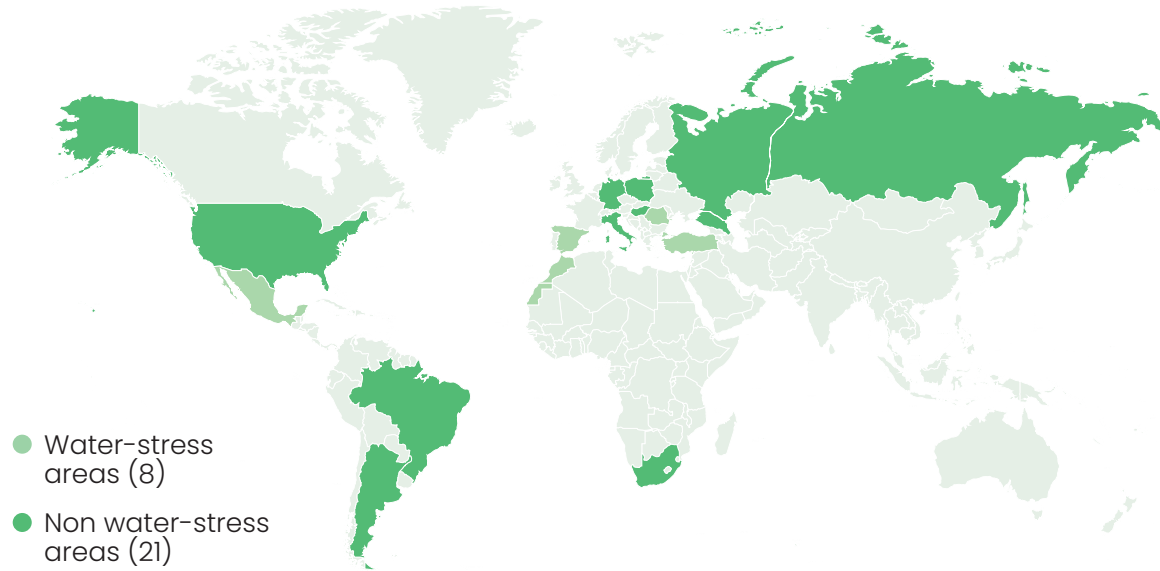
ILPEA plants in regions with water scarcity (n.; %)

- Water-stress areas (8)
- Non water-stress areas (21)



⁴ Aqueduct Global Water Risk Atlas (WRI) used for identifying and evaluating areas of water stress.

ILPEA plants in regions with water scarcity



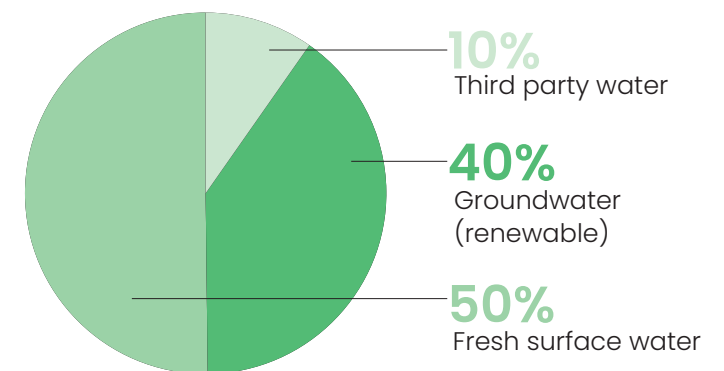
The Group's water withdrawals relate primarily to the production process and to sanitation. Indeed, for production processes, water is mainly used for cooling systems. Closed-water cooling systems are mainly used, thus reducing water withdrawals and minimizing wastewater.

In terms of water withdrawals, the Group primarily withdraws:

- Fresh water (480 ML in 2023);
- Ground water (384 ML in 2023);
- Third-party water (93 ML in 2023)

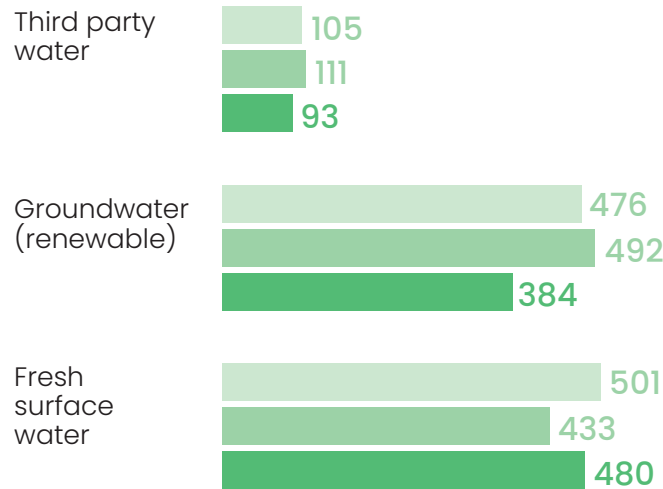


2023 Water withdrawals by source (%)



2021-2022-2023 Water withdrawals by source (ML)

- 2021
- 2022
- 2023

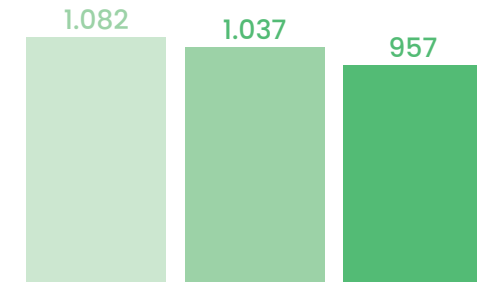


11%
water
withdrawals
reduction

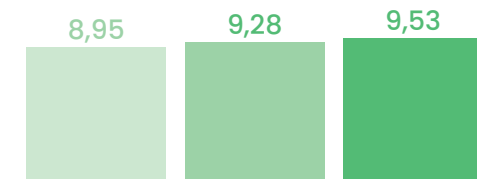
Compared to the 2021 baseline of 1,082 megaliters, water withdrawals decreased to 957 megaliters in 2023, representing a 11% reduction. Water intensity amounts to 9.53 m3/tons of product sold, consistent with the 2022 and 2021 values.

This reflects stable performance, though some variability and accuracy in the product mix data may affect the normalized indicators.

2021-2022-2023 Water withdrawals (ML)



2021-2022-2023 Water intensity (m3/tons of product sold)



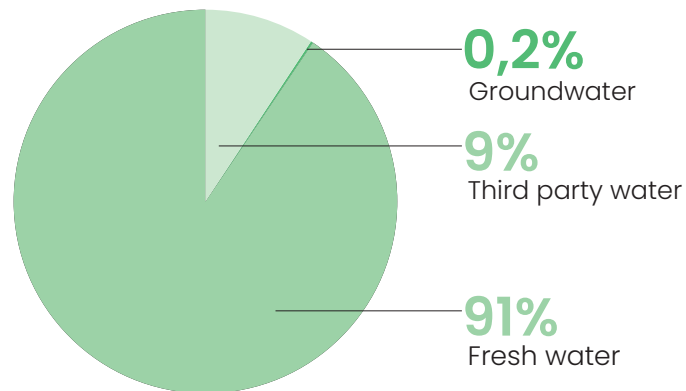
Water is discharged in adherence to relevant regulatory standards at both national and local levels. Water discharges are constantly monitored, both internally, by the designated department, and externally, by external laboratories or appropriate regulatory body.

This monitoring ensures that water quality indicators are strictly maintained within the legal limits. As a result, water undergoes primary, secondary or tertiary treatment before being discharged in the public sewage or into the natural environment.

All the plants, in compliance with the legal requirements, perform periodic checks to verify the absence of contamination.

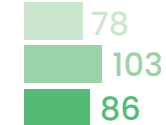
In the current reporting period, the Group recorded water discharges equal to approximately 928 megaliters, with 30 megaliters discharged to water-risk areas. This represents a significant improvement compared to the baseline of 1.046 megaliters in 2021, indicating a notable enhancement in water performance.

2023 Water discharges by source (%)



2021–2022 Water discharges (ML)

Third party water



● 2021
● 2022
● 2023

Ground water



Fresh water



2023 Highlights

- **Orcenico (IT):** Maintenance activities over the past years led to a 30% reduction in overall water consumption. For 2024, the site plans to start monthly monitoring of water withdrawal from each well to better analyze overall consumption.

- Achieved
- WIP
- Not yet begun
- Behind schedule

• **Manisa, Velimese, and Eskisehir (TR)**: Filters were installed at the extrusion cooling pool's pipe outlet to prevent water contamination. The site adhered to the strictest local standards and regulations for water management, with ongoing research into rainwater collection and regular monitoring of domestic water waste.

• **Ishitebe (ZA)**: Periodic control of cooling system filters was conducted to prevent blockages, leaking taps were fixed, and rainwater was collected for reuse, demonstrating a commitment to sustainable water management.

• **Mexico ILPEA (MX)**: Several water conservation measures were initiated, including preventive maintenance, water-efficient restroom facilities, and the use of a water recirculation system in processes.

• **Joinville, Maracanu, Jundiai (BR)**: Rainwater harvesting system was operated, metal pipes were replaced with HDPE pipes to prevent leaks, a hydrometer was installed for water consumption monitoring, and ongoing training and maintenance for water management were provided.

• **USA**: Closed-loop water circuits were utilized

for cooling, leaks were promptly repaired, and environmental campaigns were conducted to prevent water waste. Efforts to install sensor taps in toilets continued to enhance water efficiency.

Progress Towards Targets

Water Management



target	base year	target year	status 2023
Reduce water withdrawals at our manufacturing sites by 15%	2021	2027	●
<i>Status 2023: In 2023, water withdrawals was reduced by 12%, marking continued progress toward the target.</i>			
Monitor water discharge at all manufacturing sites, both from qualitative and quantitative perspectives	2021	2027	●
<i>Status 2023: All wastewater discharges are monitored either through internal analysis or by third-party sewerage authorities.</i>			



0

ILPEA's plants
are located
in high-risk
areas.

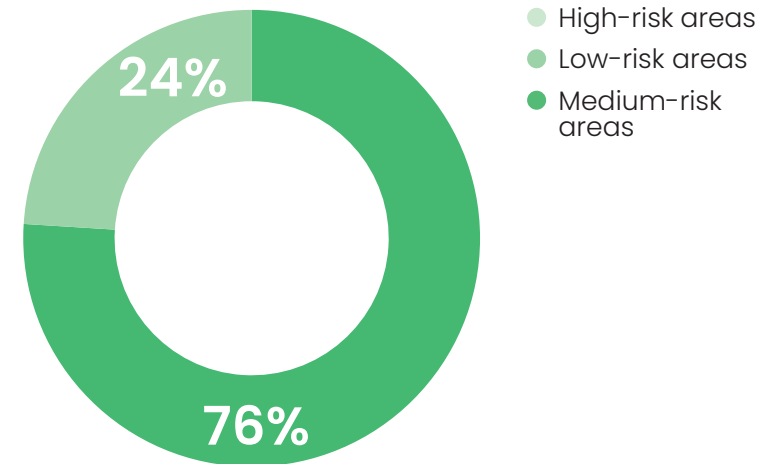
Biodiversity

ILPEA acknowledges the critical importance of protecting biodiversity and surrounding ecosystems. The relationship between biodiversity and business activities can give rise to physical, regulatory, and reputational risks, as well as potential impacts on the environment. To address this, ILPEA regularly conducts a global assessment of biodiversity risks.

The purpose of this assessment is to map all operational sites and determine their proximity to areas at risk of biodiversity loss or to protected areas critical for biodiversity, ecosystems, and species conservation.

Through this process, ILPEA reinforces its commitment to preserving biodiversity during business operations, thus avoiding species loss and damage to ecosystems. The latest biodiversity risk assessment revealed that none of ILPEA's plants are located in high-risk areas. Of the sites assessed, 76% are in medium-risk areas, while 24% are in low-risk areas.

ILPEA plants in Biodiversity Risk Areas



Product



0

reported
incidents
of non-
compliance
with health
and safety
regulations

Product Quality and Safety

The Group values long-term partnerships with its customers, working closely with them to understand and meet their needs while improving the quality of both products and services. Customers are actively involved in the development process, from early feasibility assessments to the final stages of production. ILPEA also maintains transparency by openly sharing product chemical content through appropriate channels, such as websites, to ensure that customers remain fully informed.

In 2023, there were no reported incidents of non-compliance with health and safety regulations or voluntary standards related to its products. This underscores the Group's commitment to continuously monitor product impacts, ensuring that customer health is not compromised and that all products meet or exceed national and international health and safety standards.

ILPEA's suppliers are required to meet the Group's product quality and safety standards, as outlined in the Quality Assurance Agreement.

By collaborating with its suppliers, the Group strives for top-tier quality and safety in all products, expecting suppliers to adopt a zero-defect policy and a commitment to continuous improvement in both quality and productivity.

To support this goal, ILPEA has implemented a corporate management system that aligns with the quality requirements of the automotive industry, adhering to ISO 9001:2015 and IATF 16949:2016 standards.



Ensuring the safety of materials used in production is essential for delivering secure and quality products. All substances used comply with international regulatory frameworks, including the Restriction of Hazardous Substances (RoHS) Directive 2002/95/EC and the REACH

40
patents
and
10
registered
trademarks

regulations, with particular attention given to substances of very high concern (SVHC). Suppliers are also expected to comply with these regulations. Additionally, all substances and raw materials, aside from tin stabilizers in rigid PVC, are conflict-mineral free and meet food contact standards where applicable.

The Group closely monitors the health and safety impacts of both its products and the raw materials used. This process includes compiling safety data sheets for every substance and material, managed through specialized software, with the research and development department ensuring compliance with regulatory standards and monitoring for any potential health and safety issues.

Innovation & Sustainable Product Development

ILPEA Group advances its sustainability strategy, emphasizing the role of its products in enhancing sustainability performance. Developing innovative, sustainable products remains central to ILPEA's strategy and reinforces its industry leadership.

By offering high-quality, eco-friendly solutions, ILPEA aims to extend product lifecycles and enhance recyclability, enabling materials to be reused as secondary raw

materials at the end of their lifecycle. Additionally, the Group conducts life-cycle assessments (LCA) to evaluate the environmental impact of its products from production through to disposal.

The Group is actively advancing its efforts toward a circular economy, promoting the reuse, repair, refurbishment, and recycling of materials in contrast to the traditional "take, make, and dispose" model. The Group consistently invests in research and development, with a focus on new materials, product innovation, and advanced manufacturing techniques.



ILPEA integrates both product engineering and machine engineering to develop a wide range of new products each year.

ILPEA's dedication to innovation is further evidenced by its extensive portfolio of intellectual property, with over 40 patents and 10 registered trademarks, including SIGMA FIGURA, ISOSKIN, FERRIPLAST, INOMAG, and ILPEAFLEX, among others.

Additionally, ILPEA is a key partner in the European Commission-funded PASSENGER project (Pilot Action for Securing a Sustainable European Next Generation of Efficient RE-free Magnets). This initiative seeks to reduce Europe's reliance on rare earth elements for permanent magnet production by developing innovative technologies that use locally available materials. ILPEA contributes to this project by manufacturing high-performance ferrite materials for permanent magnets, supporting the transition to low-carbon mobility.



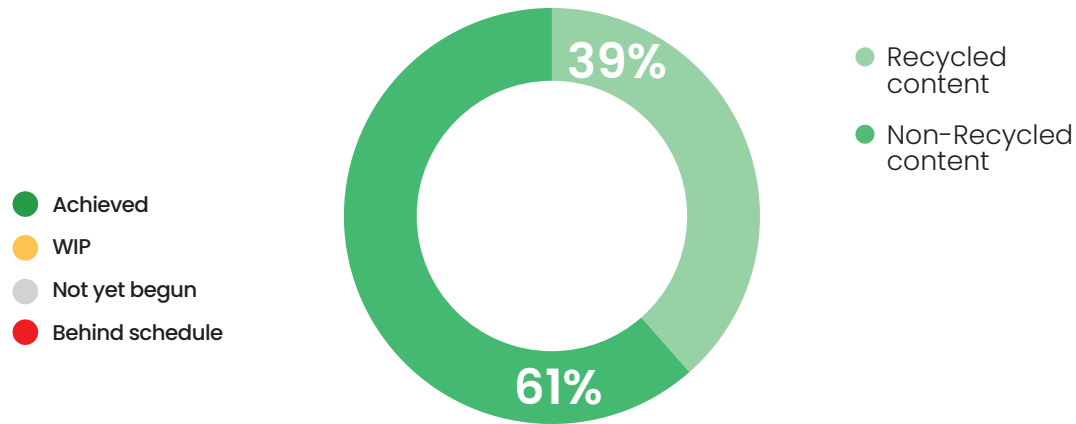
Among the major innovations introduced by the Group, it is worth pointing out:

- Plastic profiles fitted with magnetized strips;
- Recycled materials (devulcanized EPDM, recycled PP);
- Bio-attributed or circular-attributed materials (PVC resins, plasticizers);
- PVC-free materials and components (based on TPE-S and TPE-V compounds);
- AS-free materials.

In terms of responsible sourcing of natural resources, ILPEA utilized approximately 106,000 tonnes of materials during the reporting period. The most significant materials included iron oxide, PVC, fillers, plasticizers, magnetic carbonate, plastic resin, and EPDM. Iron oxide, the most widely used material, underscores ILPEA's commitment to environmental responsibility, as it is sourced from post-industrial recycled material, preventing waste by repurposing what would otherwise be discarded. This initiative has resulted in 39% of the Group's total materials being sourced from recycled content.

Furthermore, ILPEA integrates renewable materials into its operations, such as cardboard, wood for packaging, and natural rubber, which together account for 4% of the total materials used.

Materials Sourced from Recycled Content (t; %)



Progress Towards Targets

Circular Economy



target	base year	target year	status 2023
Implement a pilot project to evaluate relevant circular business models that can be scaled up (e.g., take back scheme of ILPEA products)	2021	2025	●
<i>Status 2023: Analysis underway.</i>			

Innovation & Sustainable Product Development



target	base year	target year	status 2023
Promote the replacement of non-recyclable products with recyclable ones (e.g. replacement of rubber with thermoplastic elastomers)	2021	2025	●
<i>Status 2023: Pilot projects have been initiated for household appliance products made from recyclable materials, replacing non-recyclable ones. Specifically, TPE is being used in place of EPDM, enhancing the recyclability of these components.</i>			

- Achieved
- WIP
- Not yet begun
- Behind schedule

100%

recyclable
packaging

Sustainable Packaging

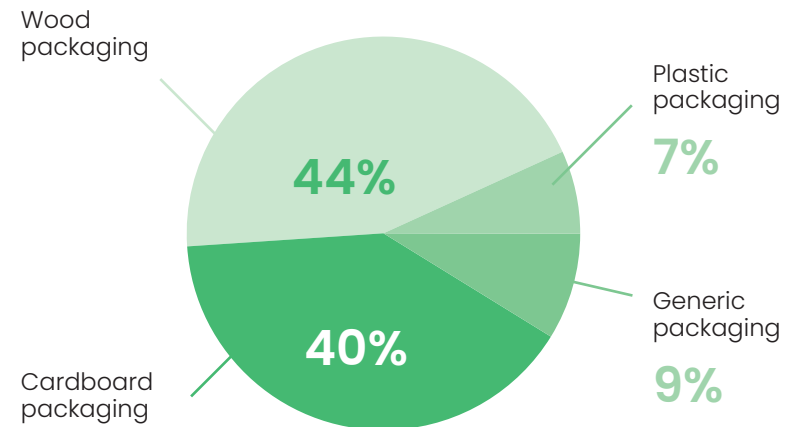
ILPEA's packaging, which primarily consists of wood, paper, cardboard, and plastic, is utilized for transporting products to final customers as well as for intercompany transfers between subsidiaries.

The Group has set clear targets to advance sustainable packaging through several key initiatives

- Reducing Single-Use Packaging: Efforts are focused on minimizing single-use packaging, such as cardboard boxes, by replacing them with reusable alternatives like metal cages, wooden cases, and plastic boxes.
- Recycled Packaging: Recycled cardboard is incorporated into the packaging to reduce the use of virgin materials.
- Partnerships for Innovative Sustainable Packaging Solutions: Increasingly, new packaging solutions are developed in collaboration with partners to optimize material usage and enhance product containment, effectively reducing the overall amount of packaging material required.

During the current reporting period, ILPEA utilized 100% recyclable packaging.

Packaging materials used by weight - purchased (t;%)



Progress Towards Targets

Sustainable Packaging



target	base year	target year	status 2023
100% of packaging to be reusable, recyclable or compostable	2021	2025	●
Status 2023: In 2023, 100% of the packaging was recyclable.			

ILPEA Sustainability, Responsibility and Impact

Planet

Product

People

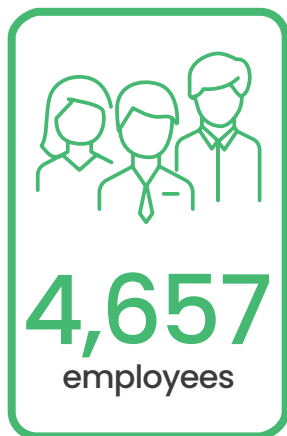
Society

Supply Chain

Human Rights

People





Diversity, Equity, and Inclusion

As of October 31st, 2023, the ILPEA Group had 4,657 employees. ILPEA's employees can be classified into three main categories:

- Management, comprising both the highest decision-makers in charge of making strategic decisions, driving the Group's performance, defining targets and plans, and managers, responsible for managing and implementing projects and for people management;
- White Collars, tasked with specific responsibilities and duties;
- Blue Collars, who generally perform operational duties through the Group.

As of October 31, 2023, the professional category with the largest number of employees is blue-collar workers, totaling 3,592.

This is followed by white-collar employees, who number 867, and management, with 198 individuals.

2021 - 2022 - 2023 Employees by Job Category (n.)

Management



White collars



Blue collars



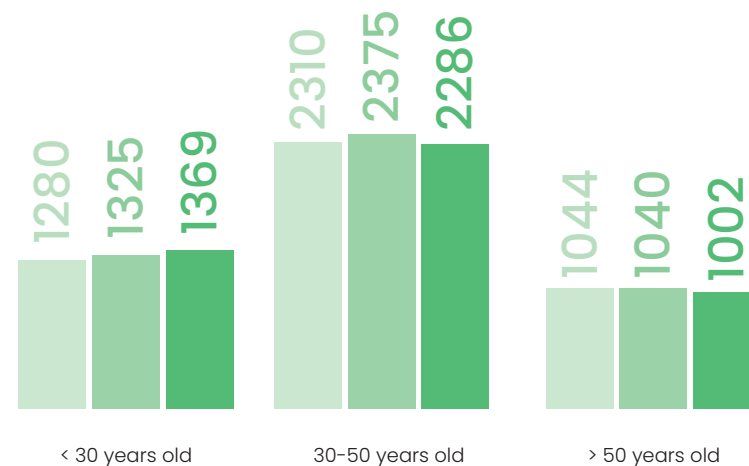
In the current reporting period, ILPEA reported a gender distribution of 58% male and 42% female employees. Specifically, women occupied 23% of first-level management positions.

2021-2022-2023 Employees by Gender (n.)

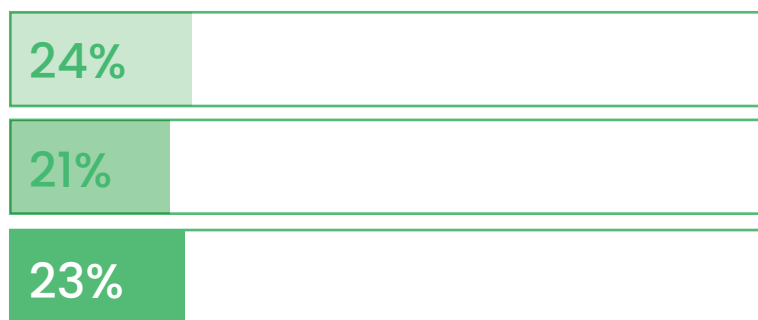


The majority of the workforce is concentrated in the 30-50 age group, representing 2,214 individuals, or 49% of the Group's total employees. Employees under 30 years old number approximately 1,347, making up 29% of the total workforce and reflecting the Group's support for young talent. Employees over 50 years old number around 994, constituting 22% of the workforce.

2021-2022-2023 Employees by Age Group (n.)



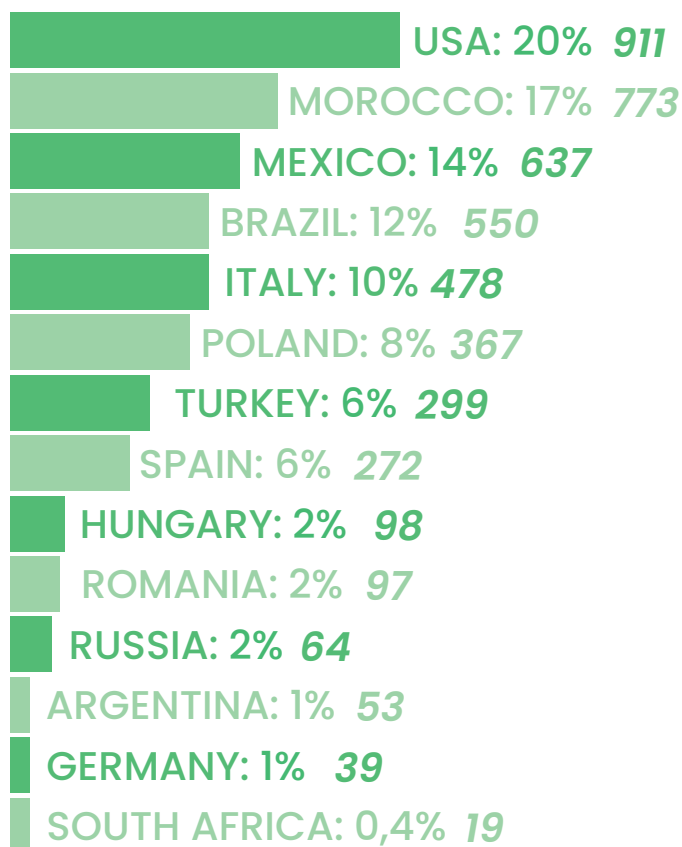
2021-2022-2023 Women in management positions (%)



The Group's workforce consists of over ten diverse nationalities, representing all the countries in which ILPEA operates, as illustrated by the graph below.

2023 Total Employees per Country (%; n.)

- Achieved
- WIP
- Not yet begun
- Behind schedule



Progress Towards Targets

Diversity, Equity & Inclusion



target	base year	target year	status 2023
Increase the proportion of women in the first level of management by 10%	2021	2027	WIP
Status 2023: Ongoing actions toward the target.			

Talent attraction & development

ILPEA values the development of its workforce as essential for business success. To support both management and employees in building and applying essential skills, the Group provides periodic training activities tailored to employees' roles and responsibilities.

Training encompasses a range of topics, including technical skills, soft skills, business ethics, diversity and inclusion, environmental stewardship, to ensure that the workforce is well-informed in these areas.

- 2021
- 2022
- 2023

A global training platform is being developed to support continuous learning and skill development for the workforce. Additionally, more professional courses are being offered to ensure employees acquire the expertise needed for their roles. Regular performance and career development reviews are also conducted to foster employee growth and enhance skills.

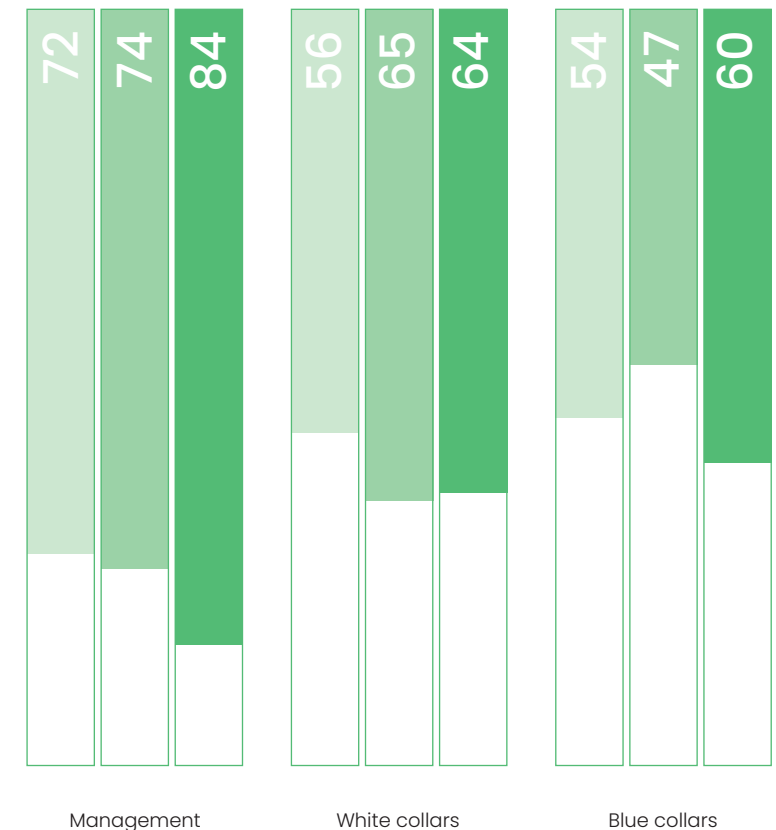
During the current reporting period, 60% of employees were subject to regular performance and career development reviews, in line with the expectations and responsibilities of their role, compared to 55% in the 2021 baseline reporting period.

60%

of employees were subject to regular performance and career development reviews



2021-2022-2023 Employees subject to performance reviews by job category (%)



- Achieved
- WIP
- Not yet begun
- Behind schedule

2023 Highlights

• **Polinyà (ES) & Aoiz (ES)**: Developed and implemented comprehensive career and development plans to support ongoing employee growth. Organized Welcome Days to help new employees integrate into the company. Attracting top talent through participation in university, school, and industry association events.

• **Tangier (MA)**: Annual skills evaluations drive skill development through mentoring and training, supporting promotions and career advancement. Recruitment focuses on young professionals and trainee students, with a strong promotion on internal promotions. Partnerships with universities and training centers enhance talent acquisition, complemented by increased visibility on professional networks.

• **Monterrey (MX) & Celaya (MX)**: Attraction and retention of motivated associates are supported through internal promotion systems, incentives, and performance-linked career plans for all employees, including both white-collar and blue-collar roles.

• **USA**: Enhanced talent acquisition with job fairs, university partnerships, and online platforms.

Recruitment effectiveness boosted by retention and referral bonuses. Employee development driven by robust training programs, personalized mentorship, and internal promotions. Continuous learning supported by tuition assistance and career development plans. Performance culture reinforced with regular evaluations and rewards including bonuses, incentives, and travel awards.

Progress Towards Targets

Talent Attraction and Development



	base year	target year	status 2023
target			
Promote career development programs globally for the whole ILPEA Group	2021	2025	●
<i>Status 2023: Launched a global project to create a unified and innovative career development program across all countries within the Group.</i>			

Employee Wellbeing and Engagement

ILPEA focuses on providing equal opportunities and ensuring clear communication between management and staff to effectively address their needs. In 2023, several key welfare initiatives were implemented across the Group to support employee well-being:

- **Health Care Plans:** Specific health care plans were provided, including periodic check-ups and wellness assessments, typically conducted on-site.
- **Disability Coverage:** Comprehensive coverage for disability and invalidity was offered.
- **Parental Leave:** Supportive leave policies were in place for new parents.
- **Retirement Provision:** This includes severance pay and the option for employees to extend their working years beyond retirement age if desired. Access to social assistance programs is also available upon retirement.
- **Transition Assistance Program:** For those whose employment is terminated before retirement age, support is provided through the notice period, including consultations with labor offices and sponsorships for relevant courses to enhance employability.
- **Grants for Extra-Curricular Activities and Discounts:** Financial assistance is available for activities involving employees and their family members (e.g., children), along with discounts on various services.
- **Lunch Vouchers or Company Canteen:** Provided to employees.

ILPEA follows all legal and contractual requirements for pay in the countries where it operates, ensuring employees receive a living wage that meets or exceeds local minimum wage laws.

Where collective agreements exist, they guarantee that employees earn enough to support a decent standard of living. The Group also undergoes customer audits to confirm compliance with minimum wage requirements. In 2023, the company experienced a total of 2,101 new hires, representing 46% of the workforce, while 2,184 employees left the company, accounting for 48% of turnover. These figures reflect significant turnover rates, which are influenced by cultural factors in certain countries where high turnover rates are common.

The company is committed to addressing these challenges through continuous improvement programs, including enhanced benefits and increased employee engagement initiatives.

These efforts are aimed at maintaining our competitive edge in the market and fostering a more stable and satisfied workforce.

- **Opportunity to choose the form of employment,** which best suits employees' needs (full-time or part-time) and flexibility in work-schedules and in working hours;
- **Grants for extra-curricular activities** of ILPEA's personnel relatives (e.g. children);

- 2022
- 2023

- Welfare programs and discounts, accessible through the company intranet;
- Lunch vouchers or company canteen;
- Work clothing and equipment, especially for blue collars.

In addition, with reference to remuneration, ILPEA undertakes to fully comply with all the legal and contractual requirements and provisions, applicable in the different countries in which its plants are located, thus ensuring that all its employees are paid a living wage and receive a fair and adequate remuneration, that shall be at least equal or if not higher than the minimum levels established by the local legislation.

Collective agreements, where present, guarantee that employees are paid a living wage, sufficient to afford a decent standard of living in the countries in which they reside. Similarly, the Group has been subject to audits by various clients on the application of minimum wages. ILPEA's commitment towards paying a fair salary and living wage has also been exemplified in its Code of Ethics and Human Rights Policy.

Employee Turnover Rate (%; n.)

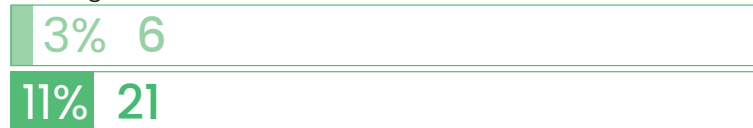
Men



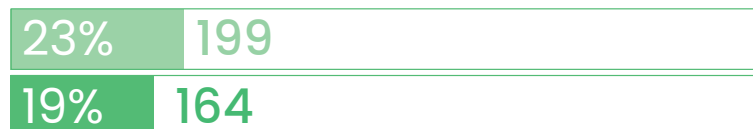
Women



Management



White collars



Blue collars



2022 - 2023 New employee hires and employee turnover (n.)



2023 Highlights

- **USA:** The workplace offers flexible hours, 4-day work weeks, and capped overtime, along with on-site wellness screenings and flu vaccinations. Engagement is fostered with regular events, health care initiatives, an open door policy, and consistent management communication. Rewarded contributions with bonuses, incentives, and performance-based pay, while recognizing achievements with monthly appreciation events and profit-sharing opportunities.

- **Twardogora (PL):** Remote working options have been implemented for certain roles, allowing employees to work from home a few days a week. Additionally, the company has supported employees' families by co-financing summer camps for their children. The company has actively supported employee health and leisure by co-financing sports cards for access to various facilities. Personalized gift cards and annual Christmas bonuses have been provided, while one-time subsidies were offered to those facing financial.

- **Polinyà (ES), Aoiz (ES):** Flexible working hours and the option to work remotely a few days each week are offered, addressing employee needs and maintaining competitiveness. The commitment to fairness is reflected in an equitable wage policy, ensuring all employees are fairly compensated.

- **Monterrey (MX):** Key measures, including flexible work schedules, economic aid, and five days of paid leave for family emergencies, ensure that personal challenges do not impact benefits. An internal committee has been established to facilitate communication between employees and address serious personal issues, thereby enhancing workplace support and overall employee well-being.

Progress Towards Targets

Talent Attraction and Development



target	base year	target year	status 2023
Implement an annual engagement survey for the whole ILPEA Group <i>Status 2023: Employee engagement survey planned for 2024.</i>	2021	2025	●
Reduce the absenteeism (sick level) by 10% vs 2021 <i>Status 2023: Absenteeism (sick leave) reduced by over 10% in 2023.</i>	2021	2025	●

- Achieved
- WIP
- Not yet begun
- Behind schedule

Workplace Health & Safety

ILPEA is dedicated to ensuring the health and safety of all employees and external workers at its facilities. Key actions and guidelines include:

- Risk Assessments: Evaluating potential risks associated with new activities and processes to determine necessary personal protective equipment (PPE), identify hazards, and assign responsibilities.
- Employee Training: Providing comprehensive safety training at all facilities on the use of safety devices,

operational tools, and maintenance equipment.

This includes specialized training for forklift operation, hearing protection, and machine safety.

- Incident Monitoring: Regularly reviewing injuries, near misses, and risk situations by monitoring key performance indicators such as incident rates and absenteeism.

- Communication and Engagement: Conducting activities to raise awareness about health and safety among internal and external personnel.

Health and safety training is integral to ILPEA's preventive approach. New employees receive targeted training during onboarding and all staff undergo periodic refresher courses.



Training topics include:

- o First-aid procedures, including fire safety and emergency plans.
- Handling chemical hazards and working in explosive environments.
- Adherence to local regulations.
- Safe operation of machinery and equipment.
- Proper use of PPE.

ILPEA also undergoes external audits and inspections by authorities and third parties to ensure compliance with health and safety standards and to maintain safe working conditions.

The Group monitors various parameters related to occupational injuries, serious incidents, fatalities, and health issues for both employees and external workers.

During the current reporting period:

- 103 work-related injuries occurred among ILPEA's employees, resulting in approximately 1,764 days lost due to these injuries;
- 4 high-consequence injury occurred among employees, primarily due to severe incidents such as amputations of body parts. In response, corrective and preventive measures were immediately developed and implemented to enhance safety and prevent future incidents;
- 5 cases of recordable work-related ill-health were

recorded among employees, including conditions related to musculoskeletal disorders and hearing impairments;

- zero fatalities as a result of work-related ill health took place both among ILPEA's workforce and external workers.

In 2023, the rate of recordable work-related injuries amounted to nearly 13%, reflecting a decrease over the years and aligning with the target set for reducing injuries. The severity rate, calculated as the number of days lost relative to the number of hours worked, was 0.21. The rate of high consequence work related injuries (excluding fatalities) was 0.49.

2023 Highlights

- **Pitesti (RO), Eskisehir (TR), Aoiz (ES), Geretsried (DE), Lipetsk (RU), Ishitebe (ZA):** A record of zero workplace incidents was achieved at these locations for the reporting year. This outcome is attributed to effective safety management and a proactive approach. Compliance with international and local standards, along with continuous improvements in hazard management practices, demonstrates a strong commitment to maintaining a safe and secure working environment.

- Achieved
- WIP
- Not yet begun
- Behind schedule

• **Monterrey (MX):** Significant investments were made to enhance safety measures, including the installation of an automatic fire control system, authorized chemical storage cabinets, emergency eyewash stations, and a secure LP gas tank cabin. Additionally, a semi-automatic CO2 system for ovens and a comprehensive fire cabinet with hoses were implemented to ensure robust emergency response capabilities.

• **USA:** A robust safety culture is cultivated through periodic safety meetings and regular training sessions. Wellness exams are conducted to support employee health, and ongoing safety walkarounds are performed to identify and address potential hazards. Emphasis is placed on emergency preparedness, with first response teams trained to handle various emergencies. Prompt corrective actions are taken to maintain high safety standards and ensure a secure working environment across all USA locations.

Progress Towards Targets

Workplace Health & Safety



target	base year	target year	status 2023
Zero fatalities and serious accidents in all manufacturing sites	2021	2025	●
<i>Status 2023: The number of high-consequence accidents was reduced from 11 in the 2021 baseline to 4 in 2023, with ongoing improvements aimed at reaching the target.</i>			
Reduce employee accident frequency rate by 15%	2021	2025	●
<i>Status 2023: The employee accident rate has been decreasing over time, and investments and safety behavior initiatives continue to be made to further reduce injuries.</i>			

ILPEA Sustainability, Responsibility and Impact

Planet

Product

People

Society

Supply Chain

Human Rights

Society





With a global presence in key customer locations, ILPEA ensures cost-effective and timely deliveries.

Customer satisfaction

The ILPEA Group prioritizes customer satisfaction by continually enhancing the customer experience and driving commercial success. With a global presence in key customer locations, ILPEA ensures cost-effective and timely deliveries. The Group invests annually in diverse products, reducing time to market and offering tailored solutions to meet specific customer needs.

ILPEA upholds customer rights and guarantees the confidentiality of shared private information.

The Group conducts annual assessments of customer satisfaction across all business units and subsidiaries. This includes evaluating supply and delivery performance, reviewing returns and claims, and conducting audits.

Customer feedback is gathered through satisfaction surveys focused on product and service quality, and internal departments rigorously analyze these results to implement necessary corrective actions.

Periodic performance evaluations cover delivery times, product quality, service management, flexibility, and sustainability. ILPEA is dedicated to transparent communication of its ESG performance, ensuring product sustainability and developing new solutions that align with high standards of social and environmental

responsibility, keeping the Group at the forefront of market trends.

Community Impact and Development

Partnerships, sponsorships, and local community initiatives are integral to the ILPEA Group's operations. The Group is actively involved with several membership associations, including:

- BEYSAD – White Goods Suppliers Association (Velimese, Turkey);
- Assogomma – Italian Association of Rubber Manufacturers (Orcenico, Italy)
- Chamber of Commerce (Lipetsk, Russia);
- Ilembe Chamber of Commerce and Industry (Isithebe, South Africa);
- MEIBC – Metal & Engineering Industries Bargaining Council (Ishitebe, Burundi);
- NEASA – National Employers' Association of South Africa (Observer) (Ishitebe, Burundi);
- Ilembe Chamber of Commerce (Active Observer) (Ishitebe, Burundi);
- Camara de Comercio de España en Marruecos – Spanish Chamber of Commerce in Morocco (Tangier, Morocco);
- Association des Investisseurs de la Zone Franche d'Exploitation de Tanger – Association of Investors in the Tangier Free Zone (Tangier, Morocco);

- Association Marocaine pour l'Industrie et Construction Automobile – Moroccan Association for the Automotive Industry (Tangier, Morocco);
- Employers Association – Association representing employers (Joinville, Brazil);
- Labor Union Association – Provides assistance to employees and promotes collective agreements with the Jundiá Plastic Industries union (Jundiá, Brazil).

The Group recognizes the impact of its operations on local communities. In response, it actively promotes partnerships, launches initiatives, offers sponsorships, and supports various projects to enhance the welfare of communities near its facilities. These efforts are designed to contribute positively to the local areas where the Group operates.

2023 Highlights

In line with its sustainability goals, the Group actively engages in local sustainable initiatives. Currently, **22 of its manufacturing plants participate in various community-based projects**. During the reporting period, these plants have been involved in a range of activities, including but not limited to the following local sustainability projects:

- **Joinville (BR):** Participation in a national social program known as “Think Tank,” run by the NGO Projeto Resgate. This initiative aims to help underprivileged individuals overcome socio-economic barriers through training and education. Additionally, involvement in specific actions, such as donating staple food and toys.

- **Manisa (TR), Eskisehir (TK), Velimese (TK):** Support for local communities through donations to organizations such as TOG, TEMA, and LOSEV. Additionally, a collection of clothes, food, beverages, and sanitary materials was organized for those affected by earthquakes.

- **Malgesso (IT):** Allocated funds to local authorities and associations and provided support to employees for essential needs, including school books for children and sports-related expenses.

- **Pitesti (RO)**: Implementation of the “Green Day” event, which included activities such as cleaning the factory area, planting trees, mowing the grass and streets, collecting waste, and fostering a sense of belonging among employees.

- **Celaya (MX)**: Organized an event called “Destapando Esperanza, Reciclando y Ayudando,” supporting children with cancer and their families.

Conversely, **18 of ILPEA’s manufacturing plants developed partnerships with local schools** during the 2023 reporting period.

- **Manisa (TR), Eskisehir (TR), Velimese (TR)**: School-business partnerships, including internships for students from local technical high schools and a certification program in plastic production by Çorlu METEM, enhancing students’ practical skills and industry knowledge.

- **Malgesso (IT), Orcenico (IT)**: Cooperation with local high schools on “PCTO” projects and agreements with recruitment agencies and Udine University, including participation in university-promoted events and graduate listings.

- **Ishitebe (ZA)**: Partnerships with educational institutions, including sponsorship of trade tests and support for graduates becoming permanent employees, demonstrating commitment to enhancing workforce skills through education.

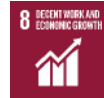
- **Polinyà (ES), Aoiz (ES)**: Multiple initiatives with schools and universities, including internships in multiple departments and participation in university events to attract students and provide career opportunities.

- **Joinville (BR), Jundiaí (BR), Maracanaú (BR)**: Agreements with educational institutions for tuition discounts, apprenticeships, and internships, providing students with practical experience and financial support.

- **USA**: Active partnerships with local universities and colleges to support students’ career development. Includes organization of job fairs, provision of co-op and internship opportunities, and offering of tuition reimbursement programs. Specific initiatives involve collaborations with Kent State University, Ohio University, and local colleges for employment and training opportunities, as well as practical experience through internships and apprenticeships.

Progress Towards Targets

Community Impact & Development



- Achieved
- WIP
- Not yet begun
- Behind schedule

target	base year	target year	status 2023
Introduce the opportunity of taking part to sustainable initiatives for employees / local communities	2021	2025	●
<i>Status 2023: 11 plants have already achieved the target, with ongoing efforts to maintain and improve performance in order to reach all ILPEA facilities.</i>			
Partner with schools and universities to attract students in all countries in which ILPEA operates	2021	2025	●
<i>Status 2023: 14 plants have already achieved the target, with ongoing efforts to maintain and improve performance in order to reach all ILPEA facilities.</i>			

ILPEA Sustainability, Responsibility and Impact

Planet

Product

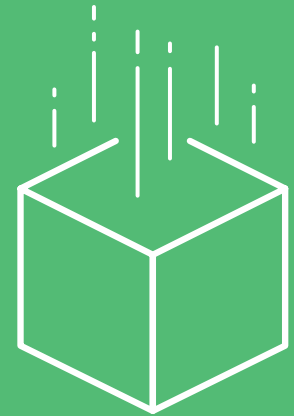
People

Society

Supply Chain

Human Rights

Supply chain



Responsible sourcing

ILPEA's supply chain comprises leading market players who ensure the consistent delivery of high-quality products.

The Group engages both direct and indirect suppliers across its global operations.

Direct suppliers provide raw materials, components, expendable packaging, utilities (such as electricity and natural gas), and maintenance for machinery.



Indirect suppliers offer a range of services, including manufacturing, sales, administrative functions, and support services like insurance, legal, audit, and consulting.

The Group maintains ongoing engagement with suppliers, recognizing their crucial role in its success. ILPEA has adopted a Supplier Code of Conduct, which outlines the principles and guidelines applicable to all suppliers, subcontractors, and business partners. This Code is a key component of any contractual relationship with the Group and is included in all purchase orders.

Progress Towards Targets

Responsible Sourcing



target	base year	target year	status 2023
Ensure transparency in mineral and material supply chains from high-risk areas, working toward a conflict-free supply chain	2021	2025	●
<i>Status 2023: A Group-wide Conflict Minerals Policy was defined and approved in December 2022.</i>			
Publish a Supplier Code of Conduct	2021	2025	●
<i>Status 2023: Supplier Code of Conduct was defined and approved in December 2022.</i>			

- Achieved
- WIP
- Not yet begun
- Behind schedule

target	base year	target year	status 2023
Supplier Code of Conduct mandated as a contractual clause in: • 100% new supplier agreements • 70% current supplier agreements <i>Status 2023: Included in all purchase orders and contracts.</i>	2021	2025	●
Tier 1 suppliers involved in self-assessments including sustainability criteria: • 100% new suppliers • 70% current suppliers <i>Status 2023: The development of a global supplier evaluation program is underway.</i>	2021	2025	●

Human rights



0

zero
incidents of
discrimination
across the
Group

ILPEA's dedication to human rights is grounded in adherence to a range of national and international standards, including the European Convention on Human Rights, the Human Trafficking Prevention Act, the United Nations International Charter of Rights, the Universal Declaration of Human Rights, and ILO (International Labour Organization) standards.

In alignment with this commitment, the Group developed and implemented a Human Rights Policy, formally approved by the Board of Directors. This policy is accessible to both internal and external parties on ILPEA's website.

The Group actively upholds human rights by prohibiting harassment and violence, fostering inclusivity, diversity, and equal opportunities throughout all stages of employment. This includes ensuring occupational health and safety, providing fair working conditions, fair compensation, and a living wage.

Additionally, ILPEA enforces a zero-tolerance policy against child labor, forced labor, and human trafficking. Within the Group, child labor is strictly prohibited for individuals under 13 years old or under higher age limits in cases of more restrictive national laws.

To promote awareness of human rights, ILPEA educates all employees about human rights principles during onboarding and through regular ethical training.

The Group has established a Whistleblowing tool to allow employees to confidentially report ethical and human rights concerns. Employees are encouraged to use this tool to report any suspected violations or issues, with the assurance of privacy and anonymity. All plants support an open-door process, encouraging employees to voice any discomfort or concerns they may have.

During the reporting period, ILPEA reported zero incidents of discrimination across the Group. ILPEA also extends its commitment to human rights to its supply chain. The Group prohibits the procurement of materials or components that could contribute to human rights violations, particularly in high-risk areas such as conflict zones.

Progress Towards Targets

Human Rights



target	base year	target year	status 2023
Publish a Human Rights policy	2021	2022	●
<i>Status 2023: A Group-wide Human Rights Policy was defined and approved in December 2022.</i>			



Appendix

Appendix

Performance Indicators

Materiality Process

Methodological Note

GRI Content Index

Performance Indicators



Performance Indicators - GRI 2-7 Employees

Employees by type of contract

Men

Women

Total

	2021	2022	2023	2021	2022	2023	2021	2022	2023
Permanent contracts	2,595	2,689	2,652	1,873	1,891	1,879	4,468	4,580	4,531
Fixed term contracts	81	93	71	78	61	55	159	154	126
Non-guaranteed hours employees	-	-	0	-	7	0	-	7	0
Total number of employees	2,676	2,782	2,723	1,951	1,959	1,934	4,627	4,741	4,657
% Permanent contracts	97%	97%	97%	96%	97%	97%	97%	97%	97%
% Fixed term contracts	3%	3%	3%	4%	3%	3%	3%	3%	3%
% Non-guaranteed hours employees	0%	0%	0%	0%	0%	0%	0%	0%	0%

Permanent Contracts

Fixed term contracts

Non-guaranteed hours employees

Total

	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Italy	480	475	474	5	4	4	-	-	-	485	479	478
Germany	43	41	39	-	-	-	-	-	-	43	41	39
Spain	277	269	272	1	-	-	-	-	-	278	269	272
Morocco	483	646	773	-	-	-	-	-	-	483	646	773
South Africa	51	48	14	-	-	5	-	-	-	51	48	19
Romania	94	89	85	8	12	12	-	-	-	102	101	97
Hungary	94	92	98	-	-	-	-	-	-	94	92	98
Poland	306	282	273	94	87	94	-	7	-	400	376	367
Russia	104	75	64	-	-	0	-	-	-	104	75	64
USA	1,259	1,211	906	-	37	5	-	-	-	1,259	1,248	911
Argentina	22	45	53	8	-	0	-	-	-	30	45	53
Brazil	468	456	544	9	8	6	-	-	-	477	464	550
Mexico	487	546	637	34	6	0	-	-	-	521	552	637
Turkey	300	305	299	-	-	0	-	-	-	300	305	299
Total	4,468	4,580	4,531	159	154	126	-	7	-	4,627	4,741	4,657

Employees by type of employment	Men			Women			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Full-time	2,649	2,745	2,689	1,889	1,897	1,865	4,538	4,642	4,554
Part-time	27	37	34	62	62	69	89	99	103
Total number of employees	2,676	2,782	2,723	1,951	1,959	1,934	4,627	4,741	4,657
% Full time	99%	99%	58%	97%	97%	40%	98%	98%	98%
% Part-time	1%	1%	33%	3%	3%	67%	2%	2%	2%

	Full time			Part time			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Italy	457	452	450	28	27	28	485	479	478
Germany	41	39	37	2	2	2	43	41	39
Spain	270	268	264	8	1	8	278	269	272
Morocco	483	646	773	-	-	0	483	646	773
South Africa	51	48	19	-	-	0	51	48	19
Romania	102	101	97	-	-	0	102	101	97
Hungary	90	87	91	4	5	7	94	92	98
Poland	399	373	367	1	3	0	400	376	367
Russia	103	74	62	1	1	2	104	75	64
USA	1,239	1,216	883	20	32	28	1,259	1,248	911
Argentina	29	45	53	1		0	30	45	53
Brazil	453	436	522	24	28	28	477	464	550
Mexico	521	552	637	-	-	0	521	552	637
Turkey	300	305	299	-	-	0	300	305	299
Total	4,538	4,642	4,554	89	99	103	4,627	4,741	4,657

GRI 2-30 Collective bargaining agreements

	u.m.	2021	2022	2022
Number of employees covered by collective bargaining agreements	n°	2,413	1,469	2,006
Total number of employees		4,627	4,741	4,657
Percentage of employees covered by collective bargaining agreements	%	52%	31%	43%

GRI 401-1 - New employee hires and employee turnover (Turnover, incoming and outgoing rates)

	Men		Women		Total		%	
Turnover rate (incoming)	2022	2023	2022	2023	2022	2023	2022	2023
Management	5	12	1	9	6	21	3%	11%
< 30 years old	0	1	1	2	1	3	14%	23%
30-50 years old	3	7	0	7	3	14	3%	14%
> 50 years old	2	4	0	0	2	4	3%	5%
White collars	136	137	84	63	220	200	26%	23%
< 30 years old	71	57	47	28	118	85	66%	45%
30-50 years old	60	73	32	34	92	107	20%	23%
> 50 years old	5	7	5	1	10	8	4%	4%
Blue collars	1,036	1,056	699	824	1735	1880	47%	52%
< 30 years old	600	496	339	468	939	964	82%	83%
30-50 years old	380	518	317	325	697	843	38%	49%
> 50 years old	56	42	43	31	99	73	13%	10%
Total	1,177	1,205	784	896	1961	2101	41%	45%
< 30 years old	671	554	387	498	1058	1052	80%	77%
30-50 years old	443	598	349	366	792	964	33%	42%
> 50 years old	63	53	48	32	111	85	11%	8%

	Men		Women		Total		%	
Turnover rate (outgoing)	2022	2023	2022	2023	2022	2023	2022	2023
Management	6	10	0	11	6	21	3%	11%
< 30 years old	0	0	0	6	0	6	0%	46%
30-50 years old	2	5	0	2	2	7	2%	7%
> 50 years old	4	5	0	3	4	8	5%	9%
White collars	122	111	77	53	199	164	23%	19%
< 30 years old	55	50	36	14	91	64	51%	34%
30-50 years old	58	52	31	35	89	87	19%	19%
> 50 years old	9	9	10	4	19	13	9%	6%
Blue collars	971	1143	666	856	1637	1999	44%	56%
< 30 years old	481	533	305	351	786	884	69%	76%
30-50 years old	411	535	300	444	711	979	39%	57%
> 50 years old	79	75	61	61	140	136	19%	20%
Total	1,099	1264	743	920	1842	2184	39%	47%
< 30 years old	536	583	341	371	877	954	66%	70%
30-50 years old	471	592	331	481	802	1073	34%	47%
> 50 years old	92	89	71	68	163	157	16%	16%

GRI 404-3 Percentage of employees by receiving regular performance and career development reviews

	Men			Women			Total		
Percentage of employees evaluated on performance and career development	2021	2022	2023	2021	2022	2023	2021	2022	2023
Management	74%	73%	78%	66%	77%	74%	72%	93%	82%
White collars	56%	66%	65%	57%	65%	66%	56%	61%	64%
Blue collars	53%	44%	53%	54%	51%	47%	53%	65%	58%
Total	55%	50%	57%	54%	54%	52%	55%	65%	60%

GRI 403-9 Work-related Injuries

	Total		
Work-related Injuries	2021	2022	2023
Number of recordable work-related injuries	109	118	103
Number of high-consequence work-related injury (excluding fatalities)	11	2	4
Number of workdays lost due to work-related injuries	-	1,845	1,764
Worked hours	8,166,476	7,594,248	8,312,567
Rate of recordable work-related injuries ⁹	13.35	15.54	12.54
Rate of high-consequence work-related injuries (excluding fatalities) ¹⁰	1.35	0.26	0.49
Severity rate ¹¹	-	0.24	0.21

GRI 403-10 Work-related ill health

	Total		
Work-related ill health	2021	2022	2023
Number of work-related ill health	0	2	5

⁹ Rate of recordable work-related injury= (number of recordable work-related injury/number of hours worked) *1,000,000.

¹⁰ Rate of high-consequence work-related injury= (number of high-consequence work-related injury/number of hours worked) *1,000,000.

¹¹ Severity rate = (days lost/number of hours worked) *1,000,000.

GRI 405-1 Diversity of governance bodies and employees

	Men			Women			Total		
Employees (head count at the end of the fiscal year)	2021	2022	2023	2021	2022	2023	2021	2022	2023
Management	170	145	152	53	39	46	223	184	198
< 30 years old	3	1	8	4	6	5	7	7	13
30–50 years old	80	73	69	34	23	28	114	96	97
> 50 years old	87	71	75	15	10	13	102	81	88
White collars	501	518	531	317	338	336	818	856	867
< 30 years old	113	101	106	74	77	84	187	178	190
30–50 years old	244	274	279	168	181	181	412	455	460
> 50 years old	144	143	146	75	80	71	219	223	217
Blue collars	2,008	2,119	2,040	1,585	1,582	1,552	3,593	3,701	3,592
< 30 years old	641	730	693	445	409	473	1,086	1,139	1,166
30–50 years old	945	955	923	839	869	806	1,784	1,824	1,729
> 50 years old	422	434	424	301	304	273	723	738	697
Total	2,679	2,782	2,723	1,955	1,959	1,934	4,634	4,741	4,657
< 30 years old	757	832	807	523	492	562	1,280	1,324	1,369
30–50 years old	1,269	1,302	1,271	1,041	1,073	1,015	2,310	2,375	2,286
> 50 years old	653	648	645	391	394	357	1,044	1,042	1,002

GRI 302-1 Energy Consumption with the organization (MWh)

Energy Consumption

	2021	2022	2023
Direct energy consumption			
From non-renewable sources			
Natural gas	123,251	121,462	104,783,
Diesel	120	208	108
LPG	3,913	3,466	3,828
From company owned vehicles		-	
Petrol	2,014	2,033	2,344
Diesel	1,638	1,586	1,519
LPG	180	314	282
From renewable sources			
Photovoltaic	0	375	510
Total direct energy consumption	131,116	129,444	113,374

Indirect energy consumption

Electricity			
From non-renewable sources	124,606	122,631	114,740
From renewable sources	0	0	0
Total indirect energy consumption	124,606	122,631	114,740
Total energy consumption	255,722	252,075	228,114

GRI 305-1 Direct (Scope 1) GHG emissions ¹² (tCO₂e)

	2021	2022	2023
From non-renewable sources	23,450	22,965	20,023
Natural gas	22,583	22,172	19,178
Diesel	28	50	26
LPG	839	744	819
From company owned vehicles	891	912	943
Petrol	463	462	19,178
Diesel	389	382	26
LPG	39	67	819
Total Scope 1 emissions	24,341	23,877	20,966

GRI 305-2 Energy indirect (Scope 2) GHG emissions¹³ (tCO₂e)

	2021	2022	2022
Total Scope 2 emissions - location based	48,927	44,903	41,643
Total Scope 2 emissions - market based	54,127	51,112	46,981

¹² The sources of conversion and emission factors used for emissions calculations are DEFRA 2021, TERNA 2019 and AIB Residual mixes 2020 or DEFRA 2022, where AIB residual mixes are not available.

¹³ The sources of conversion and emission factors used for emissions calculations are DEFRA 2021, TERNA 2019 and AIB Residual mixes 2020 or DEFRA 2022, where AIB residual mixes are not available.

GRI 306-3 Waste generated (t)

Waste Generated	2021	2022	2023
Hazardous waste	517	1,080	1,290
Non-hazardous waste	9,140	10,967	11,135
Total Waste	9,657	12,047	12,425

GRI 306-4 Waste diverted from disposal(t)

Waste diverted from disposal	2021	2022	2023
Non-hazardous waste	3,600	5,035	6,114
Recycling	3,600	4,980	5,637
Other (please specify)	-	55	478
Hazardous waste	15	546	1,061
Recycling	15	546	990
Other (please specify)	-	1	71
Total waste	3,615	5,581	7,175

GRI 306-5 Waste directed to disposal

Waste Directed to Disposal	2021	2022	2023
Non-hazardous waste	5,540	5,933	5,021
Landfilling	5,440	4,097	4,574
Incineration - with energy recovery	52	112	126
Incineration - without energy recovery	-	131	0
Other disposal operations	48	1,592	320
Hazardous waste	502	533	229
Landfilling	184	166	172
Incineration - with energy recovery	161	27	28
Incineration - without energy recovery	-	-	3
Other disposal operations	158	341	26
Total Waste Directed to Disposal	6,042	6,466	5,250

GRI 303-3 Water Withdrawals (ML)

	Non-water-stress areas			Water-stress areas			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fresh surface water	501	433	480	-	-	-	501	433	480
Seawater	-	-	-	-	-	-	-	-	-
Groundwater (renewable)	464	486	380	12	7	4	476	492	384
Third-party water	77	79	65	28	32	28	105	111	93
Total Water Withdrawal	1,042	998	925	40	39	32	1,082	1,037	957

GRI 303-4 Water Discharges (ML)

	Non-water-stress areas			Water-stress areas			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fresh surface water	959	902	839	2	1	1	961	903	840
Groundwater (renewable)	-	-	-	7	-	2	7	-	2
Third-party water	52	68	58	26	35	28	78	103	86
Total Water discharges	1,011	970	897	35	36	30	1,046	1,006	928

GRI 303-5 Water Consumption

	Non-water-stress areas			Water-stress areas			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Water Consumption	31	27	27	5	3	2	36	30	29

GRI 301-1 Materials used by weight or volume¹⁴ (tons)

	2022		2022
Additives & master	1.761	Plastic resin	4.474
Adhesive tape	243	Plasticizer	8.541
Aluminium	226	Polyamide	1.820
Binder	1.119	Protective element	251
Cardboard packaging	2.212	PVC	12.584
Customer directed	62	Quick connectors	210
EPDM	3.935	Silicon	80
External components	1.861	Special resins	180
Filler	11.114	Steel	263
Foil	6	Syntetic rubber	420
Generic components rm	22	Thermoplastic rubber	1.815
Generic magnetic rm	1.010	Vulcanizer	199
Generic packaging	483	Wood packaging	2.439
Generic plastic rm	49	Not specified	9
Generic rubber rm	84		
Indirect rm	6		
Iron oxide	40.794	Total	105,924
Magnetic carbonate	6.249	of which made with renewable materials	4,732
Natural rubber	81	of which made with recycled materials	40,794
Plastic extrusion	73		
Plastic inj.	872		
Plastic packaging	377		

¹⁴ For the current reporting period, ILPEA has reported materials purchased by weight. For materials acquired in other units of measurement (such as volume or quantity), estimates and

assumptions have been used to convert the data into weight.

Appendix

Performance Indicators

Materiality Process

Methodological Note

GRI Content Index

Materiality process



Materiality Process

In pursuit of a robust sustainability strategy and in adherence to the Global Reporting Initiative (GRI) standards, ILPEA conducted its initial Materiality Assessment in 2021. This assessment aimed to identify the environmental, social, and governance issues that are most relevant to stakeholders and impactful on the Group's business activities.

To comply with the updated GRI standards effective from January 1, 2023, ILPEA refined its materiality process to evaluate both current and potential positive and negative impacts associated with each material topic.

The materiality process at ILPEA involves the following steps:

- Identification: Sustainability issues relevant to the ILPEA Group are identified through internal and external analyses. This includes reviewing company documentation (e.g., Code of Ethics, existing policies), international and national sustainability standards, and conducting benchmarking analyses.
- Assessment: Potentially relevant themes are evaluated through surveys involving stakeholders and Top Management, ensuring a comprehensive understanding of their significance.
- Prioritization: The identified material topics are prioritized based on their relevance to society and stakeholders,

resulting in a ranked list of material issues.

- Impact Definition: For each material topic, ILPEA assesses actual and potential positive and negative impacts. This is achieved through a desk analysis of the company's activities and its internal and external context. ILPEA organizes its material topics by priority levels to guide the development of a targeted sustainability strategy and set specific ESG objectives. These topics are categorized into three levels of priority:

- Priority 1: This category includes Customer Satisfaction, Workplace Health & Safety, Human Rights, and Business Ethics & Integrity. These topics are deemed the most critical for the Group, reflecting the utmost importance of safeguarding human rights, maintaining robust health and safety standards, and fostering a responsible corporate culture. Customer Satisfaction is also highlighted as a top priority, underscoring the significance of engaging with and meeting the needs of customers.
- Priority 2 and Priority 3: The remaining material topics are classified into these categories, acknowledging their importance while indicating that they are secondary to the Priority 1 topics. These issues remain significant for the Group, but they are addressed following the top priorities.

priority

1

Customer Satisfaction

Positive Impacts

Improved customer satisfaction through engagement and meeting needs, enhanced by periodic surveys and assessments

Negative Impacts

Decreased customer satisfaction due to lack of engagement and failure to meet needs in company offerings, worsened by inadequate procedures to monitor customer opinions and feedback.

ILPEA's actions, policies and targets associated with each material topic

ILPEA surveys customer needs and enhances satisfaction. The Group communicates its ESG performance to customers, ensuring product sustainability and investing in market-aligned development.

Section Reference

Society - Customer Satisfaction

1

Workplace Health & Safety

Improved employee well-being with fewer injuries/occupational illnesses.

Enhanced culture and awareness of occupational health and safety through training and awareness initiatives.

Employee health impacted by injuries/illnesses.

ILPEA implements procedures, plans, and training for first aid, chemical hazards, and equipment safety. Additionally, the Group monitors key parameters for occupational health and safety, striving for zero fatalities and serious incidents.

People - Workplace Health and Safety

1

Human Rights

Positive impact on workforce and people through human rights promotion across Company and supply chain.

Potential negative impacts from human rights violations and non-compliance with laws.

ILPEA has a Human Rights Policy and extends its commitment to the supply chain by banning materials linked to human rights violations.

Human Rights

1

Business Ethics & Integrity

Promoting ethical, transparent, and responsible business practices.

Strengthening relationships with stakeholders.

Impact on relationships with stakeholders from unethical business conduct.

ILPEA implements policies like a Code of Ethics and Supplier Code of Conduct to ensure responsible business conduct. It raises employee ethics awareness through training, monitors potential non-compliances and corruption, and provides a whistleblowing procedure for stakeholders to report misconduct.

ILPEA's Governance - Business Ethics and Integrity

priority

2 **Product Quality & Safety**

Positive Impacts

Improved customer retention from product quality and safety.

Negative Impacts

Customer dissatisfaction from quality failures.

Potential health risks from inadequate product safety measures.

ILPEA's actions, policies and targets associated with each material topic

The Group follows ISO 9001:2015 and IATF 16949:2016 standards for quality. A Quality Policy aims for faultless products, on-time delivery, and continuous improvement.

Section Reference

Product - Product Quality and Safety

2 **Innovation & Sustainable Product Development**

Enhanced customer satisfaction from innovative, sustainable product development.

Improved alignment with market needs through sustainable product and process introductions.

Failure to attract diverse customers due to stagnant offerings.

Market misalignment from lacking sustainable products and outdated processes.

ILPEA invests in innovative, sustainable product development, including creating recyclable and eco-friendly products such as energy-saving items. Additionally, it assesses products' environmental impact through life-cycle evaluations.

Product - Innovation and Sustainable Product Development

2 **Employee Wellbeing & Engagement**

Employee satisfaction rises with Company welfare initiatives and benefits.

Enhanced employee engagement leads to better understanding and fulfillment of their needs.

Lack of investment in employee well-being and engagement leads to workplace dissatisfaction and discomfort.

ILPEA Group offers essential welfare initiatives and benefits, including life insurance, healthcare, parental leave, transition assistance, retirement provisions, ensuring continuous employee well-being.

People - Employee Wellbeing and Engagement

2 **Talent Attraction & Development**

Improved talent attraction, retention, and development.

Opportunities for employees to enhance skills through training and tailored career paths.

Elevated turnover rates negatively affecting employees' careers.

Employees unable to develop and sustain skills, impacting job satisfaction.

ILPEA is implementing employee skill development through training in areas like business ethics, diversity, health and safety, and technical specialties.

People - Talent Attraction and Development

2 **Sustainable Packaging**

ILPEA reduces pollution with sustainable packaging solutions, like reusable materials.

Single-use packaging may have negative environmental impact if disposed in landfills or incinerated.

ILPEA reduces single-use packaging, preferring reusable or recyclable options and promoting returnable packaging for intercompany/third-party shipping.

Product - Sustainable Packaging

priority

2 Energy, Emissions & Climate Change

2 Circular Economy

3 Waste Management

3 Responsible Sourcing

3 Sustainable Logistics

Positive Impacts

ILPEA mitigates climate change and air pollution with efficient energy use and renewable energy.

Circular design, low-impact materials, and waste reduction benefit the environment.

High customer satisfaction from circular design solutions and low-impact materials.

Reduced environmental impact through waste recovery and recycling.

Promotion of responsible sourcing throughout the supply chain.

Positive environmental and social impacts from responsible raw materials sourcing.

Reduced environmental impact through the use of alternative and sustainable fuels and electric mobility.

Negative Impacts

Air pollution and natural disasters contribute to environmental damage.

Extraction of fossil fuels causes environmental harm to local communities.

Lack of circular economy initiatives and high-impact materials lead to environmental harm.

Reduced customer satisfaction due to absence of circular design solutions and unsustainable materials.

Environmental pollution from waste generated by company activities;

Impacts on people's health and local communities' well-being.

Contributing to or generating negative societal and environmental impacts along the supply chain due to unsustainable practices.

Environmental pollution due to logistics' vehicles using fossil fuels;

Negative impacts on people's health.

ILPEA's actions, policies and targets associated with each material topic

ILPEA enhances energy efficiency across its plants by reusing production process energy, investing in energy-efficient equipment, and installing solar panels for renewable energy. It aims to reduce carbon emissions by 30% by 2030.

ILPEA embraces a circular business model by using low-impact, renewable materials, minimizing waste with recycled raw materials, and assessing product environmental footprints through life cycle assessments.

ILPEA implements waste recovery and recycling, including 'preparation for re-use,' aligning with targets. Emphasis is on raising employee awareness through initiatives like training.

ILPEA promotes a responsible, conflict-free supply chain through a Supplier Code of Conduct and a Conflict Minerals Policy.

ILPEA reduces transport emissions to minimize environmental pollution from goods delivery. It calculates its transportation carbon footprint and implements new Transportation Management System software to oversee transportation activities across all Group companies. Additionally, partnerships with suppliers optimize transportation loads efficiently.

Section Reference

Planet – Energy, Emissions and Climate Change

Product – Circular Economy

Planet – Waste Management

Supply Chain – Responsible Sourcing

Planet – Sustainable Logistics

priority

2 Energy, Emissions & Climate Change

2 Circular Economy

3 Waste Management

3 Responsible Sourcing

3 Sustainable Logistics

Positive Impacts

ILPEA mitigates climate change and air pollution with efficient energy use and renewable energy.

Circular design, low-impact materials, and waste reduction benefit the environment.

High customer satisfaction from circular design solutions and low-impact materials.

Reduced environmental impact through waste recovery and recycling.

Promotion of responsible sourcing throughout the supply chain.

Positive environmental and social impacts from responsible raw materials sourcing.

Reduced environmental impact through the use of alternative and sustainable fuels and electric mobility.

Negative Impacts

Air pollution and natural disasters contribute to environmental damage.

Extraction of fossil fuels causes environmental harm to local communities.

Lack of circular economy initiatives and high-impact materials lead to environmental harm.

Reduced customer satisfaction due to absence of circular design solutions and unsustainable materials.

Environmental pollution from waste generated by company activities;

Impacts on people's health and local communities' well-being.

Contributing to or generating negative societal and environmental impacts along the supply chain due to unsustainable practices.

Environmental pollution due to logistics' vehicles using fossil fuels;
Negative impacts on people's health.

ILPEA's actions, policies and targets associated with each material topic

ILPEA enhances energy efficiency across its plants by reusing production process energy, investing in energy-efficient equipment, and installing solar panels for renewable energy. It aims to reduce carbon emissions by 30% by 2030.

ILPEA embraces a circular business model by using low-impact, renewable materials, minimizing waste with recycled raw materials, and assessing product environmental footprints through life cycle assessments.

ILPEA implements waste recovery and recycling, including 'preparation for re-use,' aligning with targets. Emphasis is on raising employee awareness through initiatives like training.

ILPEA promotes a responsible, conflict-free supply chain through a Supplier Code of Conduct and a Conflict Minerals Policy.

ILPEA reduces transport emissions to minimize environmental pollution from goods delivery. It calculates its transportation carbon footprint and implements new Transportation Management System software to oversee transportation activities across all Group companies. Additionally, partnerships with suppliers optimize transportation loads efficiently.

Section Reference

Planet – Energy, Emissions and Climate Change

Product – Circular Economy

Planet – Waste Management

Supply Chain – Responsible Sourcing

Planet – Sustainable Logistics

priority

3 **Diversity, Equity & Inclusion**

3 **Water Management**

3 **Data Protection & Cybersecurity**

3 **Community Impact & Development**

Positive Impacts

Active promotion of employees' well-being through equal opportunities and fair treatment.

Advocacy for wage parity, women's employment, and respect for diversity in all forms, including cultural, linguistic, religious, political, and ethnic diversity.

Increase water availability for local communities and farmlands;

Preservation of biodiversity of water bodies.

Beneficial impact on stakeholders (employees, clients, and suppliers) from protecting their right to privacy.

Enhancing local youth employability.

Establishing lasting, mutually beneficial relationships with third-sector entities, universities, and research centers.

Negative Impacts

Possibility of creating a non-inclusive work environment where equal opportunities are not guaranteed.

Reduction in water availability due to unsupervised consumption;

Impacts on biodiversity due to polluted wastewater discharges, with potential hygiene issues on local communities.

Potential adverse effects on stakeholders resulting from privacy violations and data breaches or leaks.

Disconnect with the local community and territory.

ILPEA's actions, policies and targets associated with each material topic

ILPEA prioritizes equality, fairness, and nondiscrimination. Tailored training and awareness initiatives are being implemented across all Group companies.

ILPEA prioritizes effective water management, especially in water-stressed areas, considering the impact of its industrial processes. Therefore, the Group is committed to reducing water usage and closely monitoring discharges to comply with local and national regulations.

A Group-wide Privacy Policy guides the collection, management, and storage of personal data. Regular monitoring of data breaches and complaints occurs.

ILPEA supports local community development economically, socially, and culturally through sponsorships of local associations and tailored initiatives. These include partnerships with schools offering internships, sustainable projects like fundraising events, and contributions to health research.

Section Reference

People - Diversity, Equity and Inclusion

Planet - Water Management

Governance - Data Protection and Cybersecurity

Society - Community Impact and Development

Appendix

Performance Indicators

Materiality Process

Methodological Note

GRI Content Index

Methodological Note



Methodological Note

This document is the third edition of the Sustainability Report of the ILPEA Group. It represents an important milestone in the path endorsed by the Group towards a transparent, and open reporting process and disclosure to its main stakeholders of the economic, environmental, social and governance performance of ILPEA.

It comprises a detailed overview of the initiatives, actions and results achieved overtime, as to enhance the creation of shared value among all stakeholders and to progressively integrate environmental, social and governance (ESG) aspects within business activities. ILPEA's Sustainability Report was prepared in compliance with the most widely used and recognized reporting standards for sustainability reporting, the 'Global Reporting Initiative Sustainability Reporting Standards' (hereinafter 'GRI Standards') issued in 2021 by the Global Reporting Initiative according to in accordance option. For additional information, please refer to the 'GRI Content Index'.

In order to identify the report content, ILPEA considered the principle of materiality, going through a materiality analysis process, aimed at the identification of the material topics from an economic, environmental, and social perspective for the Group and its stakeholders, considering the impacts on the economy, environment,

and people, including impacts on their human rights across the Group's activities and business relationships and along its entire value chain. For a more detailed understanding of the process, please refer to the 'Materiality Analysis' section.

All the information comprised within this Report enables stakeholders to form a complete and reliable opinion of the sustainability context in which the Group operates and of ILPEA's main impacts, from an economic, social, and environmental perspective.

Directly measurable qualitative and quantitative indicators have been selected and associated with each material topic. For some of the material topics, it was not possible to identify GRI standards that best represented the issue, thus for these cases, only GRI 3-3 | Management of Material Topics is provided. For additional information on the GRI standards reported, please refer to the 'GRI Content Index'.

The Group underwent a structured and concise reporting process, that led to the disclosure of its second Sustainability Report, which entailed:

- The involvement of all Group's subsidiaries and corporate functions and the identification of personnel, responsible for data and information collection at a local level;
- The collection of quantitative and qualitative data

through an ESG Reporting platform, accessible by all Group entities; this platform, which was implemented by the whole Group during the reporting period, enabled ILPEA to improve, refine and speed up its sustainability reporting process, ranging from data insertion, collection, validation to data aggregation and KPIs calculation.

This system was specifically designed to meet the requirements of the GRI standards, while allowing for data collection at plant level and data aggregation at HQ level;

- The aggregation and consolidation of quantitative data and the review of qualitative information;
- The preparation of this Sustainability Report, in accordance with the Sustainability Reporting Standards, published by Global Reporting Initiative (GRI) – commonly known as GRI Standards;
- The approval of the Sustainability Report by the Group's Board of Directors on 14/12/2023

The reporting scope is limited to the Parent Company ILPEA Parent Inc, and its subsidiaries, fully consolidated on October 31st 2023, ILPEA Industries Inc. and Industrie ILPEA SpA. The two subsidiaries directly or indirectly exercise control on other subsidiaries, which are included in the scope of this Sustainability Report:

- Industrie ILPEA Espana SA
- ILPEA Sp. z.o.o
- ILPEA GmbH
- ILPEA S. de R.L. de C.V

- ILPEA do Brasil Ltda
- ILPEA Profext Kft
- ILPEA South African Industries (PTY Ltd)
- S.p.A. Garvaplant de Argentina Srl
- ILPEA Ltd. Sirketi
- OOO ILPEA SAR
- Industrie ILPEA Romania SRL
- Hoosier Magnetics
- Holm S.A. de C.V

ILPEA Chile S.p.A., ILPEA Paramount Ltd and Holm KK Extrusions Pvt have not been included in the reporting scope due to their non-significance. Similarly, ILPEA BV has not been included in the reporting scope as it is a holding company.

The data and information comprised within this report refer to the activities carried out by the ILPEA Group during the 2023 fiscal year, from November 1st, 2021 to October 31st, 2022. The reporting frequency is annual.

To provide a more coherent view of the Group's performance, information regarding the fiscal years 2021 (November 1, 2020 – October 31, 2021) and 2022 (November 1, 2021 – October 31, 2022) has been provided. No significant changes in reporting took place during the reporting period. Furthermore, during the reporting period, the Group was not subject to significant changes in the operating sector, value chain and/or business relationships.

To ensure data reliability, the use of estimates has been limited to duly reported cases. In addition, some data published in the previous reporting period has been subject to restatement due to an improvement in the calculation methodology and in the accuracy of the data collected or due to the availability of newly updated significant information.

For additional information regarding this Sustainability Report, please contact:

- Dr. Vincenzo Siciliano, V.P. Global Procurement & ESG
sustainability@ILPEA.com.

Appendix

Performance Indicators

Materiality Process

Methodological Note

GRI Content Index

GRI Content Index



Statement of use

ILPEA has reported in accordance with the GRI Standards for the period 01.11.2022–31.10.2023

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standard

No GRI Sector Standard is applicable to date

Disclosure**Location****Omission****Notes****GRI 2: General Disclosures 2021**

2-1 Organizational details	ILPEA Group Profile Methodological Notes		
2-2 Entities included in the organization's sustainability reporting	Methodological Note		
2-3 Reporting period, frequency and contact point	Methodological Note		Reporting period: 01.11.2022 – 31.10.2023 / Reporting frequency: Annual / Publication Date: 16.01.2024 Contact Point: Dr. Vincenzo Siciliano, V.P. Global Procurement & ESG, sustainability@ILPEA.com
2-4 Restatements of information	Methodological Note		Data have been partially restated and corrected due to improvements in the accuracy of the data collection process
2-5 External assurance			ILPEA's sustainability report is not subject to external assurance.
2-6 Activities, value chain and other business relationships	ILPEA Group Profile		No significant changes in ILPEA's sectors, value chain and other business relationships occurred with respect to the previous reporting period.
2-7 Employees	Performance Indicators		
2-8 Workers who are not employees		Information unavailable/incomplete	ILPEA is actively working towards establishing a process to gather and disclose data on workers who are not employees.
2-9 Governance structure and composition	Governance Tenure and Oversight		
2-10 Nomination and selection of the highest governance body	Governance Tenure and Oversight		
2-11 Chair of the highest governance body	Governance Tenure and Oversight		The Chairman of ILPEA's Board of Directors is also the CEO of the whole ILPEA Group.
2-12 Role of the highest governance body in overseeing the management of impacts	Governance Tenure and Oversight		
2-13 Delegation of responsibility for managing impacts	Governance Tenure and Oversight		
2-14 Role of the highest governance body in sustainability reporting	Governance Tenure and Oversight		
2-15 Conflicts of interest	Governance Tenure and Oversight		

Disclosure	Location	Omission	Notes
2-16 Communication of critical concerns	Governance Tenure and Oversight		During the reporting period, no critical concerns occurred and were reported to the Board of Directors.
2-17 Collective knowledge of the highest governance body	Governance Tenure and Oversight		
2-18 Evaluation of the performance of the highest governance body	Governance Tenure and Oversight		
2-19 Remuneration policies	Governance Tenure and Oversight		
2-20 Process to determine remuneration	CEO Message		
2-21 Annual total compensation ratio		Confidentiality Constraint	
2-22 Statement on sustainable development strategy	Governance Tenure and Oversight		
2-23 Policy commitments	Governance Tenure and Oversight		ILPEA does not adhere to any authoritative intergovernmental instruments. However, it ensures responsible business conduct through its Code of Ethics and policies.
2-24 Embedding policy commitments	Governance Tenure and Oversight		
2-25 Processes to remediate negative impacts	Governance Tenure and Oversight		
2-26 Mechanisms for seeking advice and raising concerns	Governance Tenure and Oversight		
2-27 Compliance with laws and regulations	Governance Tenure and Oversight		
2-28 Membership associations	Society		
2-29 Approach to stakeholder engagement	Governance Tenure and Oversight		
2-30 Collective bargaining agreements	People		
GRI 3: Material Topics 2021			
3-1 Process to determine material topics	Materiality Process		
3-2 List of material topics	Materiality Process		

Disclosure

Location

Omission

Notes

Data Protection & Cybersecurity

3-3 Management of material topic

Governance Tenure
and Oversight**GRI 418: Customer Privacy 2016**418-1 Substantiated complaints concerning
breaches of customer privacy and losses of
customer dataGovernance Tenure
and Oversight**Business Ethics & Integrity****GRI 3: Material Topics 2021**

3-3 Management of material topic

Governance Tenure
and Oversight**GRI 205: Anti-corruption 2016**205-2 Communication and training about
anti-corruption policies and proceduresGovernance Tenure
and Oversight205-3 Confirmed incidents of corruption
and actions takenGovernance Tenure
and Oversight**GRI 206: Anti-competitive Behavior 2016**206-1 Legal actions for anti-competitive
behavior, anti-trust, and monopoly practicesGovernance Tenure
and Oversight**Sustainable Logistics****GRI 3: Material Topics 2021**

3-3 Management of material topic

Planet

The ILPEA Group has not identified a GRI topic specific indicator related
to Sustainable Logistics. However, information compliant with GRI 3-3 is
reported.

Disclosure

Location

Omission

Notes

Waste Management**GRI 3: Material Topics 2021**

3-3 Management of material topic	Planet
----------------------------------	--------

GRI 306: Waste 2020

306-1 Waste generation and significant waste-related impacts	Planet
--	--------

306-2 Management of significant waste-related impacts	Planet
---	--------

306-3 Waste generated	Planet
-----------------------	--------

306-4 Waste diverted from disposal	Planet
------------------------------------	--------

306-5 Waste directed to disposal	Planet
----------------------------------	--------

Water Management**GRI 3: Material Topics 2021**

3-3 Management of material topic	Planet
----------------------------------	--------

GRI 303: Water and Effluents 2018

303-1 Interactions with water as a shared resource	Planet
--	--------

303-2 Management of water discharge-related impacts	Planet
---	--------

303-3 Water withdrawals	Planet
-------------------------	--------

303-4 Water discharge	Planet
-----------------------	--------

303-5 Water consumption	Planet
-------------------------	--------

Energy, Emissions and Climate Change**GRI 3: Material Topics 2021**

3-3 Management of material topic	Planet
----------------------------------	--------

GRI 305: Emissions 2016

305-1 Direct (Scope 1) GHG emissions	Planet
--------------------------------------	--------

Disclosure	Location	Omission	Notes
305-2 Energy indirect (Scope 2) GHG emissions	Planet		
305-4 GHG emissions intensity	Planet		
GRI 302: Energy 2016			
302-1 Energy consumption within the organization	Planet		
302-3 Energy Intensity	Planet		
Talent Attraction & Development			
GRI 3: Material Topics 2021			
3-3 Management of material topic	Planet		
GRI 404: Training and Education 2016			
404-2 Programs for upgrading employee skills and transition assistance programs	People		
404-3 Percentage of employees receiving regular performance and career development reviews	People		
Diversity, Equity & Inclusion			
GRI 3: Material Topics 2021			
3-3 Management of material topic	People		
GRI 405: Diversity and Equal Opportunity 2016			
405-1 Diversity of employees and governance bodies (in terms of age, gender, protected categories)	People		

Disclosure	Location	Omission	Notes
GRI 406: Non-discrimination 2016			
406-1 Total number of incidents of discrimination and corrective actions taken	Human Rights		
Workplace Health & Safety			
GRI 3: Material Topics 2021			
3-3 Management of material topic	People		
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety	People		
403-2 Hazard identification, risk assessment, and incident investigation	People		
403-3 Management of material topic Occupational health services	People		
403-4 Worker participation, consultation, and communication	People		
403-6 Promotion of worker health	People		
403-5 Worker training on occupational health and safety	People		
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People		
403-9 Work-related injuries	People		ILPEA has reported data on work-related injuries, high-consequence injuries, and fatalities for employees. Data for external workers are not available.
403-10 Work-related ill health	People		
Employee Wellbeing & Engagement			
GRI 3: Material Topics 2021			
3-3 Management of material topic	People		

Disclosure	Location	Omission	Notes
GRI 401: Employment			
401-1 New employee hires and employee turnover	People		
GRI 3: Material Topics 2021			
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People		
Customer Satisfaction			
GRI 3: Material Topics 2021			
3-3 Management of material topic	Society		The ILPEA Group has not identified a GRI topic specific indicator related to Customer Satisfaction. However, information compliant with GRI 3-3 is reported.
Community Impact & Development			
GRI 3: Material Topics 2021			
3-3 Management of material topic	Society		
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	-	Confidentiality Constraints	Data and information needed to compute direct economic value generated and distributed is not publicly available for all Group's companies worldwide.
Product Quality & Safety			
GRI 3: Material Topics 2021			
3-3 Management of material topic	Product		
GRI 416: Customer Health and Safety 2016			
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product		

Disclosure	Location	Omission	Notes
Innovation & Sustainable Product Development			
GRI 3: Material Topics 2021			
3-3 Management of material topic	Product		The ILPEA Group has not identified a GRI topic specific indicator related to Innovation & Sustainable Product Development. However, information compliant with GRI 3-3 is reported.
Sustainable Packaging			
GRI 3: Material Topics 2021			
3-3 Management of material topic	Product		
GRI 301: Materials 2016			
301-1 Materials used by weight or volume	Performance Indicators		For the current reporting period, ILPEA has reported materials purchased by weight. For materials acquired in other units of measurement (such as volume or quantity), estimates and assumptions have been used to convert the data into weight. To comply with GRI requirements, the Group is actively developing a data collection system to accurately track purchased materials and effectively normalize them across various units of measurement, including volume and quantity.
Circular Economy			
GRI 3: Material Topics 2021			
3-3 Management of material topic			
GRI 301: Materials 2016			
301-2 Recycled input materials used	-		
Responsible Sourcing			
GRI 3: Material Topics 2021			
3-3 Management of material topic	Supply Chain		
GRI 308: Supplier Environmental Assessment 2016			
308-1 New suppliers screened on environmental criteria	-		During 2023, no new suppliers were screened on environmental criteria.

Disclosure	Location	Omission	Notes
GRI 414: Supplier Social Assessment 2016			
414-1 New suppliers screened on social criteria	-		During 2023, no new suppliers were screened on social criteria.
Human Rights			
GRI 3: Material Topics 2021			
3-3 Management of material topic	Human Rights		The ILPEA Group has not identified a GRI topic specific indicator related to Human Rights. However, information compliant with GRI 3-3 is reported.

2023 Sustainability Report
version 1.1

ILPEA
Headquarter:
Viale delle Industrie 887 21020
Bardello, district Malgesso (VA) -
Italy

[ILPEA.com](https://ilpea.com)

