

SUSTAINABILITY REPORT 2021



|ILPEA|

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To our Stakeholders



CEO Message

Letter from the CEO regarding the sustainable growth of
ILPEA Group.



Dear Stakeholders,

This first Sustainability Report represents an important milestone of ILPEA's commitment towards sustainable development. The aim of this document, which involves all stakeholders, is to report the Group's Environmental, Social and Governance (ESG) performance and its concrete and measurable results.

ILPEA's objective is to be the global leader in designing and manufacturing plastic, magnetic and rubber components and aims to create value and long-term relationships with its employees and external stakeholders.

As part of this journey, ILPEA, as market leader in its segment with a product portfolio which impacts on almost every aspect of modern life (clean water, food conservation and preservation, transport and mobility, household and buildings), not only pursues excellence from a qualitative point of view but also from a sustainability point of view.

ILPEA cares for the environment and its people throughout all its activities: the purchase of raw materials and packaging, the development, manufacturing, delivery and finally the disposal/recycling of its products. ILPEA's path towards Sustainability and ESG is thus becoming increasingly integrated into the core of its business.

In 2021, ILPEA's Top Management set up an ESG Governance Structure composed of key organizational functions, responsible for implementing sustainable projects group-wide and focused on developing an ESG strategy.

ILPEA also issued a Sustainability Strategic Plan with medium and long-term ESG Objectives. The following three key pillars guide ILPEA's ESG Business Strategy:

1. Net-Zero Emissions & Energy Efficiency: Following the Paris Climate Agreement of 2015 and UN 2030 Agenda of 2015, goals have been set for achieving a net zero emission economy by 2050 and States are adopting regulations and legislation to support this.

In response, ILPEA intends to actively participate and contribute with dedicated actions falling within its field of expertise, to achieve this challenging goal, while remaining profitable and complying with the newest regulations and legislation.

Current emergencies in the energy markets and the growing concerns about emissions induced ILPEA to further strengthen its investments in technological improvements and innovations, in order to strongly and effectively support the transition to a lower-carbon footprint and more energy-efficient economic systems, through the following main milestones:

- to increase the usage of purchased renewable energy

versus non-renewable energy;

- to self-generate energy by the installation of photovoltaic panels on the roofs of its industrial premises;
- to reduce energy consumption by implementing key projects, such as:
- installation of heat exchangers to recover the thermal energy currently dissipated by the emissions of specific production processes;
- development and re-use of recyclable raw materials in order to minimize the disposal of scrap and so reducing the energy necessary for the production of virgin raw materials;
- process efficiency improvement, so reducing the energy consumption of the equipment used to manufacture the necessary products.

2. Materials, Product Recycling & Sustainable Innovation: ILPEA is investing in new products and technologies to drive the industry towards a circular economy in which materials are reused to the maximum extent and no products will be wasted once used.

Replacement of non-recyclable products with recyclable ones, i.e. thermoplastic elastomers instead of rubber is one of the major innovations which ILPEA is focusing on.

3. Social Responsibility & Business Integrity: ILPEA's business success depends on the quality of its workforce. Attention to attracting talented employees, developing career plans, ensuring respect for human

rights and promoting a healthy work environment are ILPEA'S guiding drivers towards productivity and profitability. To this end, the Group is developing various programs to attract, motivate and retain its employees: training courses to upgrade employees' technical and managerial skills, periodic performance and career reviews, work climate surveys to measure employees' satisfaction, identify workforce needs and map potential areas for improvement.

You will find more details on the matter in this Sustainability Report.

Finally, I would like to thank all stakeholders for supporting ILPEA on its road towards a sustainable future which will not only benefit ILPEA, but all our lives.

With my Regards,

Paolo Ciffadini
Chairman & C.E.O.

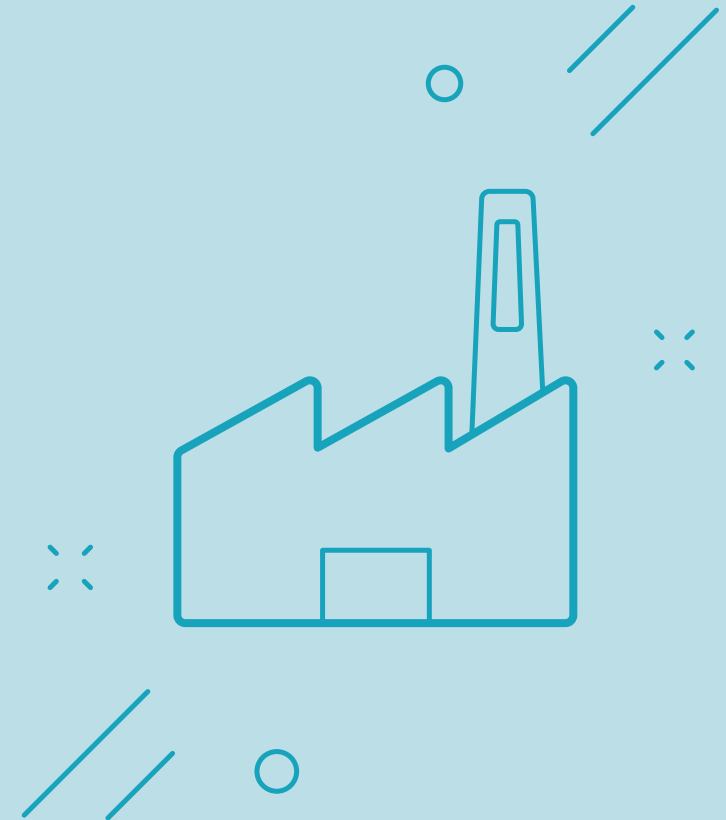


About



Who is ILPEA

ILPEA Group is an international manufacturer and supplier of plastics, magnetic and rubber components, primarily for household appliances, automotive and building sector.



ILPEA's history

Founded in 1960 in Malgesso (Varese, Italy), ILPEA operates as a leading international manufacturer and supplier of plastic, magnetic and rubber components, primarily for household appliances, for

the automotive and building sector. The Company went through a significant and continuous process towards internationalization, and progressively achieved a global presence.

ILPEA's successful story has been marked by several significant events as listed below:

1970's

Merger with the US Group PANTASOTE INC. European market expansion and diversification in new business lines (rubber products for appliances, plastic components for automotive).



until 2000

Establishment of joint ventures in Hungary and India; acquisitions in Spain and Brazil (enlarging gaskets production but also adding tubes and profiles for automotive), in Italy (rubber products) and in the USA. Most actions conducted to be in proximity of customers' production facilities, in accordance with the "global market" and "customer service" principles, strategy that had already proven successful in Europe.

2002 onward

Expansion to emerging markets, such as Poland, Turkey, Russia, further enlargement of operations in Hungary, Brazil and Mexico, most recent extensions in Morocco, South Africa, Romania and Argentine.

1960's

Start-up focused on serving the Italian market of magnetic gaskets for refrigerators; joint venture in Germany.

1989

Management Buy-Out of the European Pantasote companies on the part of the Group's Europe-based executive team and some important international banking institutes.



2001

Takeover of HOLM INDUSTRIES, INC. and its plants in the US and Mexico. Leverage buy-out operation creating the Group in its present configuration.

3 business units:

- household appliances
- automotive
- building

ILPEA's business model

ILPEA Group operates as a B2B company, offering its products to a diverse range of key customers, operating in multinational groups.

It is organized into three business units, each consisting of various plants:

- household appliances
- automotive
- building

The three units share the same industrial and market strategies, however, to ensure flexibility, each one has dedicated management, research and development department and sales structure, molded with specific reference to each industry. With regard to production materials, the business of the Company can be further segmented into:

1. Plastic materials: ILPEA manufactures innovative components for the appliance (magnetic and non magnetic gaskets, profiles, hoses) and automotive industry (e.g. glass and door profiles, circuit hoses, slush skins). This business unit, present in the majority of ILPEA's plants, follows a vertically integrated production. Customer requests can be easily and timely satisfied, both in terms of compounds and finished products. Ad-hoc R&D departments are located in Italy, Spain and

the United States of America.

2. Magnetic products: This unit, established in 1968, is currently operating in three countries: Italy, Poland and United States of America. It is primarily focused on manufacturing flexible magnetic profiles for refrigerator door gaskets produced by ILPEA, made by extruding in-house produced ferrite-based compounds. Nevertheless, other magnetic products are sold to the automotive and building sector.

3. Rubber products: Rubber production for technical items in the household appliance industry has been in place for several decades. Over time, this unit has become a greatly diversified unit, operating in five production sites located in Italy, Poland, United States of America, Mexico and Russia. Thanks to its flexible structure and to the employed technologies, it is nowadays possible to develop a large number of components and products, that can be easily used also within different industries (e.g. construction and automotive).

The Group adopts a unique and fully integrated business model, starting from the design and development phase to product manufacturing, so as to maximize productivity and achieve excellence in manufacturing. Indeed, each component, part or product is designed internally by ILPEA, in collaboration with its customers through co-designing techniques, thanks to the diverse range of tools and equipment that the Group owns and

ILPEA's mission is to pursue excellence in material innovation, product design and manufacturing processes.

specific production techniques, such as for instance, co-extrusion. In terms of the production of raw materials, the Group strives to internally transform all its raw materials, such as but not limited to magnetic powder, PVC-resin base, TPV-TPE compounds and rubber compounds.

ILPEA's mission

ILPEA's mission is to pursue excellence in material innovation, product design and manufacturing processes. To achieve this goal, ILPEA relies on the professional skills of the people who work for the Group and offers training programs aimed to increase staff's specialization at Group level, to meet the demands of a worldwide marketplace and to satisfy customers' needs endlessly.

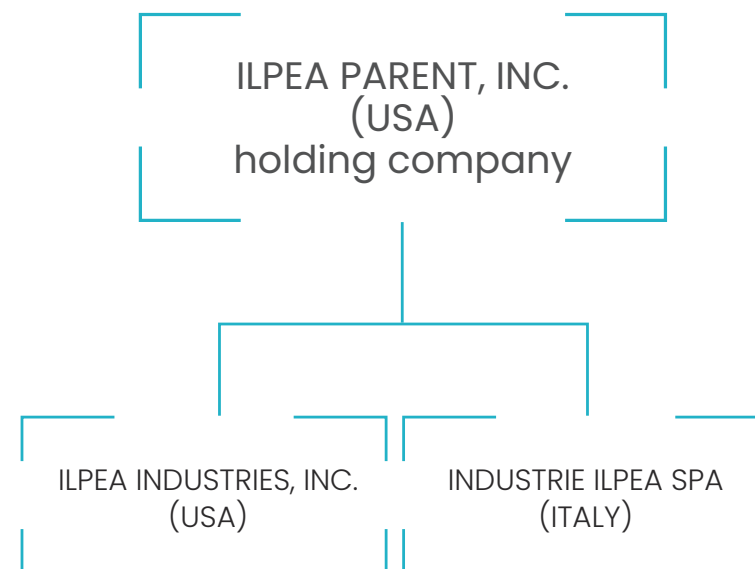
The Group is committed to guaranteeing the sustainability of the offered products and services, to continuously financing the research and development of newly sustainable solutions and, to staying on the edge of new emerging market trends.

ILPEA's structure

The ILPEA Parent Group consists of the parent company ILPEA Parent Inc., and two holding companies and

majority-owned industrial subsidiaries: ILPEA Industries Inc, operating in the USA and Industrie ILPEA SpA incorporated in Italy, which directly or indirectly controls other subsidiaries in various geographical areas. ILPEA Industries Inc. and Industrie ILPEA SpA can be identified in this Report also as "Material Subsidiaries".

Whenever the terms "ILPEA Group" or "ILPEA" are found in this Report, all the above-mentioned companies including their respective subsidiaries are intended. Instead, when specific features relating to only one company or subsidiary of the Group are mentioned, a specific reference with the name is reported.





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

As represented by the map, the Group is currently present across the world in many countries; it has 33 production plants located in 14 countries, in 5 continents and every plant is specialized in one or more of the above product lines.

This international presence represents a major advantage for the Group as it enables ILPEA to be placed close to its customers' production plants, to deliver goods in a costly and timely efficient way and to create customized solutions based on the requirements of the local market and customers, thanks to its "just in time" logistics approach.

ILPEA's financial performance

On October 31st, 2021, ILPEA Group, generated consolidated revenues of approximately 388 million euros, with an increase of approximately 19% with respect to the previous year (nearly 326 million euros on October 31)₁.

This strong growth in sales was mainly realized in the appliance sector.

During fiscal year 2021 sales in the automotive sector were partially affected by temporary production halts of main ILPEA customers due to shortages of electronic components. Sales in the construction sector increased driven by public construction works and the introduction of national and local initiatives for private construction.

The good financial performance is a clear indicator of the competitive positioning of the Group, constantly achieved thanks to the international footprint, endless drive towards product and process innovation, investments in research and development, the pursuit of long-term and prosperous partnerships with key customers, and everlasting harnessing of strategic and competitive growth opportunities.

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

ILPEA's Governance

ILPEA Group has adopted a corporate governance system which contributes to the correct management of business operations and to the creation of value for its shareholders and stakeholders.



ILPEA's Governance

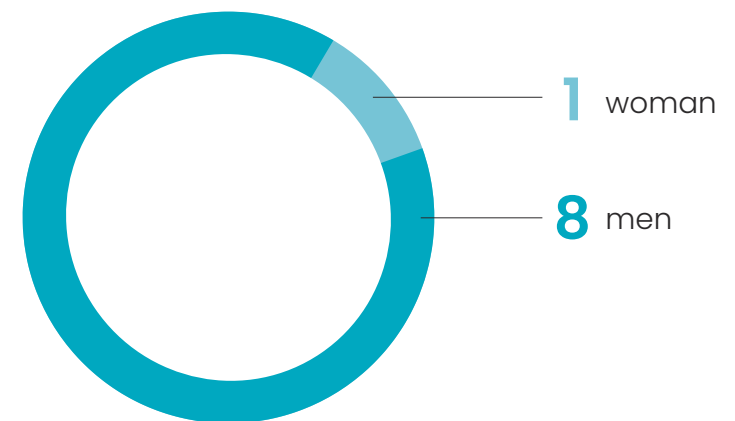
ILPEA Parent has a Board of Directors which is responsible for overseeing and defining the strategic orientation of the Group, closely monitoring the risk management system, defining adequate policies for the identification and analysis of such risks, outlining the remuneration policies of the Group's directors, identifying the parameters and targets for their variable compensation scheme (management by objectives).

As of October 31st, 2021, the Board of Directors of ILPEA Parent consists of nine members, including the Chairman, who is also the CEO of the whole ILPEA Group. In terms of directors, there were six executive directors and two non-executive directors.

The two Material Subsidiaries (ILPEA Industries Inc. and Industrie ILPEA S.p.A.) are respectively managed also by a Board of nine Directors whereas their local subsidiaries are managed either by a Board of Directors or by sole Directors depending on their dimension and significance. Where and if required by law, Group companies are monitored also by Statutory or Surveillance bodies.

The Board of Directors of Industrie ILPEA S.p.A. is supported by the Board of Statutory Auditors, consisting of three non-executive statutory auditors.

Composition of the Board of Directors by gender



To ensure adequate risk monitoring, the holding company Industrie ILPEA S.p.A has appointed a Supervisory Body, commonly known as "*Organismo di Vigilanza*", in charge of managing any report collected through the Whistleblowing procedure.

KPMG S.p.A carries out the auditing of the consolidated financial statements of the ILPEA Group. The statutory and consolidated financial statements of Industrie ILPEA S.p.A. are audited by KPMG S.p.A as well. Similarly, the consolidated financial statements of ILPEA Industries Inc. are audited by KPMG LLP Usa.

ILPEA believes that the highest governance body of the Group should be appointed based on professionalism, independence, professional experience and diversity. To this end, before any appointments and annually or whenever deemed appropriate, the Group evaluates and assesses the situation with regard to related parties, to ensure that any situation whereby a conflict of interest might arise is prevented and adequately mitigated.

Sustainability Governance

ILPEA has started a process of constant and progressive integration of sustainability issues within the Group's business model.

To this end, the Board of Directors of the parent company ILPEA Parent Inc. has appointed one of its Board Members as a delegate to oversee and ensure the development, establishment and implementation of ESG policies, projects and objectives.

The Board of Directors meets periodically also to supervise and review the ESG performance and management of sustainability-related issues of the Group. The delegate of the Board for sustainability regularly reports on the progress and status of ESG activities and initiatives.

Furthermore, the delegate of the Board for sustainability is also part of an ESG Steering Committee which has been set up. The ESG Steering Committee is responsible for facilitating the implementation of ESG projects and pursuing the achievement of an ESG roadmap throughout all the subsidiaries of ILPEA Parent worldwide. This committee is made up of a cross-functional team, of the C-levels of the company's departments and it meets periodically, while reporting to the Group's Board of Directors.

At a corporate level, the Group has set up an ESG department, in charge of developing and periodically updating policies, initiatives and projects, promoting sustainability-related initiatives, proposing and endorsing short, medium and long-term ESG objectives and monitoring the environmental and social performance of the Group, also with respect to the targets approved by the Board of Directors. It also has oversight on the performance of all subsidiaries and plants on ESG issues; indeed, this department coordinates the facility leaders of each plant who are responsible for implementing and executing ESG projects at a local level, ensuring compliance with applicable local legislation. It is also the responsibility of the ESG department to manage and ensure the participation of the Group to ESG ratings and assessments provided by independent and widely recognized third parties.

In 2021, ILPEA participated to the CDP Climate Change Questionnaire and Water Security Questionnaire; CDP is a non-profit organization which enables corporations to disclose and manage their environmental impacts, to measure and mitigate the risks and grasp opportunities related to climate change and water security. During 2021, the Group was also subject to the EcoVadis sustainability assessment which identified its sustainability scoreboard, strengths and improvements areas across four areas: planet, labor and human rights, ethics and sustainable procurement.

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

Code of Ethics and corporate policies are part of the corporate governance system of ILPEA

Business Ethics & Integrity

For ILPEA Group it is very important to conduct business and carry out all its activities in conformity with the highest standards of ethics and integrity as stated in its *"Code of Ethics."*

The Code of Ethics and corporate policies adopted by the Group are part of the corporate governance system of ILPEA and they define the principles and values that ILPEA follows in all its operations.

Listed below are the policies in place:

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

The Code of Ethics serves as a guidance and reference document to all employees and to all stakeholders and is publicly available on the Group's website.

It introduces the set of principles and guidelines that

characterize the way ILPEA operates in all its worldwide locations and guide the behavior of all Group's personnel. It promotes compliance with laws, regulations and statutory provisions, ethical and fair business management, transparent and sincere communication, accounting and reporting and it ensures data protection, confidentiality and privacy.

ILPEA condemns corruption in all its forms and promotes compliance with regulations, both domestic and foreign, in all its activities; for this reason, an Anti-Bribery Policy has been issued with the objective to set out the principles and practices in place to prevent and ban any form of bribery and corruption and to ensure compliance with the applicable anti-corruption laws.

In addition to the Code of Ethics, an Organization, Management and Control Model was adopted since 2008, pursuant to the Italian Legislative Decree 231/2001, and is continuously updated, with the aim to prevent crimes, to increase awareness on crime commission, unethical and illegal practices and behaviors and to set up procedures and a control system for adequate risk management. The Supervisory Body (*Organismo di Vigilanza*) is in charge of: (i) ensuring compliance, (ii) evaluating the effectiveness of the above Model, (iii) proposing updates or modifications to the Model if needed (iv) closely monitoring the application of internal control procedures and the presence of areas deemed

100% of governance body members has received communication on the policies

mostly at risk of crimes. The Supervisory Body meets periodically with the Board of Directors and with Industrie ILPEA S.p.A.'s Board of Statutory Auditors, guaranteeing a constant flow and exchange of information.

ILPEA Group has actively been moving towards strengthening internal and external awareness to fight against corruption and bribery by increasingly involving governance body members, employees and business partners in the prevention of any form of corruption through ad-hoc training and communication sessions.

To this end, during 2021 various information sessions and training activities about anti-corruption and business ethics policies and procedures have been carried out, as reported below:

- 100% of governance body members has received communication on the policies and procedures that are in place within the Group regarding anti-corruption and business ethics and 44% of them received training. To this end, ILPEA is moving forward through a global training program and has set goals to reach 100% of the governance body members trained on these issues.
- 73% of employees has got hold of communication on anti-corruption and business ethics policies and procedures and 45% of them has received training, for a total of 2,070 employees. Communication on such issues can also be extended

externally, to suppliers, contractors and business partners. During 2021, the Group's anti-corruption policies, procedures and preventive measures have been shared with approximately 21% of its business partners.

Furthermore, ILPEA ensures that all cases/situations of suspected wrongdoing or improper and unethical behavior are adequately reported and managed through its whistleblowing procedure, whereby a specific procedure ought to be followed in case any suspected behavior or matter arises to establish if and to what extent a wrongdoing has occurred and to minimize the risk of further unethical behaviors.

All personnel, contractors, customers, suppliers and other third parties, for instance agents and distributors, may use this procedure to report suspected wrongdoings, either to their line manager or local director or to the Supervisory Body (Organismo di Vigilanza).

During 2021, there have been zero confirmed accidents of corruption, either in the form of incidents in which employees were dismissed or disciplined for corruption, or of terminations of contracts with business partners due to violations related to corruption, throughout the Group. During 2021, ILPEA recorded zero legal actions, both pending and completed for anti-competitive conduct, for violations of anti-trust laws and monopoly legislation. Furthermore, zero non-compliances, (neither those



**substantiated
complaints
concerning
data
breaches or
privacy**

resulting in monetary sanctions nor those resulting in non-monetary sanctions), with laws and regulations in the social and economic area were reported during 2021 throughout ILPEA's subsidiaries.

These are clear indicators that the Group conducts business practices that respect applicable international and national regulations, leaning towards an ethical business management.

Furthermore, ILPEA has recently adopted a Supplier Code of Conduct for all Group suppliers.

Data Protection & Cybersecurity

ILPEA Group pays uttermost attention to the protection of any data and information related to its employees, customers, suppliers, business partners and to anyone who is related to its operations. For this reason, ILPEA has shared its privacy guidelines within the Group which set out the principles and guidelines followed by the Group while collecting, processing, managing and storing personal data.

Confidentiality is a key feature of ILPEA's business and as such, every new activity or process, which may intentionally or unintentionally come across personal data, is subject to a careful assessment and

examination, aimed at verifying the adequacy of the safety measures and at measuring the associated risks. Appropriate procedures and countermeasures, among which a data breach procedure, are to be implemented across all Group companies in case there is an unauthorized or illegal or accidental access or processing, damage, or breach of personal data. All personnel is strongly encouraged to exercise special care when dealing with confidential information and safely secure their PCs, laptops, and workstations.

Considering how cyber-attacks can adversely influence a company's performance, reputation, credibility and viability, ILPEA is actively focused on the assessment of any risk or threat related to cyber-security and on mitigation, prevention and protection from cyber-attacks through the definition of specific policies, delineation of procedures and action plans, the implementation of adequate and reliable IT systems, for instance web filters and software, and communication and training activities for its personnel to boost awareness.

During 2021, no substantiated complaints concerning data breaches or privacy were received, neither from outside parties nor from regulatory authorities. Similarly, no data breaches or identified leaks or thefts of (personal) data were recorded.

Highlights at local level

- In the **Isithebe plant (South Africa)**, an official information officer in 2021 as required by the Protection of Personal Information Act, commonly known as POPI act (ACT NO.4 OF 2013 PRESENTED 26TH OF NOVEMBER 2013, NO. 37067 OF GOVERNMENT GAZETTE), in charge of internal monitoring.

- The **Polinya plant (Spain)** has recently received the Trusted Information Security Assessment Exchange certificate, commonly known as TISAX (VDA-ISA), intended to evaluate information security and to ensure the integrity, confidentiality and availability of (personal) data.

- The **Italian Plants** have built a privacy organizational chart, identifying the governance and allocating tasks, duties and responsibilities to employees, managers and to all external outsourcing companies, in charge of personal data processing and storing on behalf of ILPEA. Annually, audits are executed both internally and externally with the objective to verify and account for any disruption or change or breach in the infrastructure, systems, and procedures in place for data processing;

Risk Assessment

The Group regularly performs risk assessments to identify and assess compliance and regulatory risks, for instance legal risks, risks related to anti-competitive practices, to corruption and to business ethics and climate- and water-related risks, with the objective to measure the likelihood and magnitude of the impact and relevance that such risks can have on the Group's business and activities.

During 2022, ILPEA carried out an ESG risk assessment to identify, evaluate and derive the ESG risks that are most relevant for the business. The following risks emerged as highly relevant for the Group:

- Ability to identify, attract, develop and retain a skilled, engaged, and diverse workforce, that is essential for the Group's performance in the short and long run;
- Health and safety in the workplace, ensuring all employees can safely perform their duties, without any risk of injury or illness;
- Risks correlated with information security, cybersecurity and data protection;
- Current and emerging regulatory developments in the ESG field;

Risk assessments are monitored at a global level across all subsidiaries

- Product quality and safety, guaranteeing customer satisfaction and the protection of customers' health and safety.

Similarly, the Group identified some risks as of medium or low relevance, such as but not limited to risks related to anti-competitive practices, risks linked to labor conditions (e.g. risk of child labor), conflict minerals risks, disruptions due to emissions and discharges as a result of incidents, or risks relating to the violation of ethical practices and principles, to business ethics and integrity.

Risk assessments are monitored at a global level across all subsidiaries to single out the plants which are more prone to being subject to such risks in the short, medium and long-term, to carefully manage and mitigate those risks that are highly relevant with respect to the Group's activities by defining remedial actions and to identify regulatory and market requirements, due to increasingly stringent laws.

A low-angle, upward-looking photograph of a dense forest. Numerous tall, slender tree trunks rise from the bottom of the frame towards the top, creating a strong sense of verticality. The canopy is thick with green leaves, with patches of bright blue sky visible through the foliage. The lighting is dappled, suggesting sunlight filtering through the trees. A thin, horizontal green line is positioned above the text.

ILPEA Sustainability, Responsability and Impact

To our Stakeholders

About

ILPEA Sustainability, Responsibility and Impact

Appendix

ILPEA's Sustainability Plan

Planet

People

Product

Society

Supply Chain

Human Rights

ILPEA's Sustainability Plan

The Group has defined its first "Sustainability Plan", highlighting its pledge to the enhancement of environmental, social and governance (ESG) performance.

Various objectives and targets related to environmental and social sustainability have been set, in line with the priorities emerged through the Group's first Materiality Matrix.



19 themes are considered priorities for ILPEA Group and, as such, they are addressed with specific ESG targets.

Materiality Process

As part of ILPEA's path towards the delineation of a sustainability strategy and in line with the requirements of the Global Reporting Initiative (GRI) standards, ILPEA performed its first Materiality Assessment in order to develop its Materiality Matrix and to gain an understanding of which environmental, social and governance issues are particularly relevant to stakeholders and have an impact on its business activities.

ILPEA's Materiality Process, which main objective is to define the material issues that the company has to address and on which it is required to publicly report, is composed of three main steps:

1. Identification of sustainability issues potentially relevant for ILPEA Group through internal and external analyses, such as: examination of company documentation (Code of Ethics, existing policies), international and national standards on sustainability and benchmarking analysis
2. Assessment of the potential themes through surveys involving stakeholders and Top Management;
3. Prioritization of the material topics emerged through the development of the Materiality Matrix through a two-fold perspective: stakeholder perspective (called to state whether and to what extent the selected topics affect

their decisions in the context of their relationship with ILPEA Group) and Group's top management perspective (called to evaluate the impact that each topic may have on the business and on the Group's activities).

Materiality Matrix

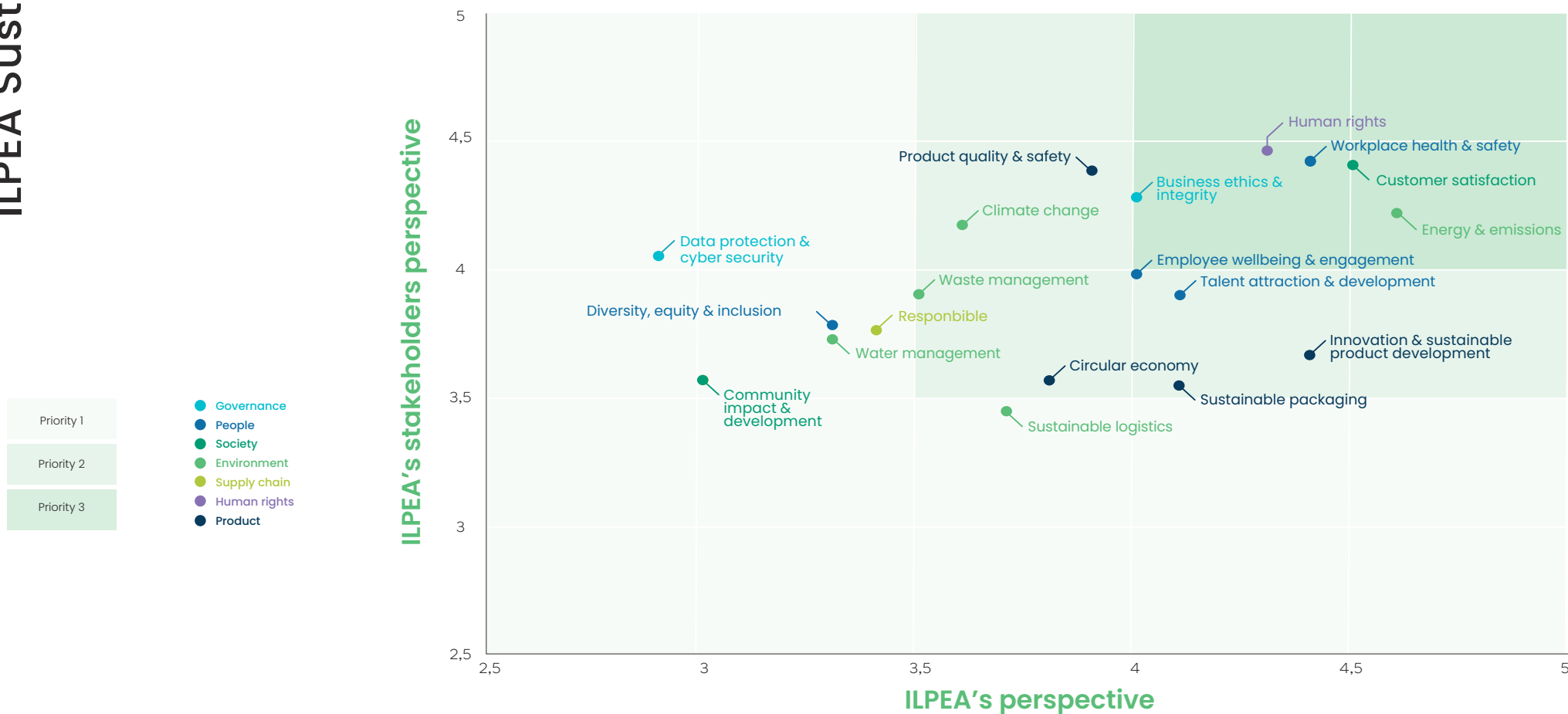
As depicted below, the Materiality Matrix shows that 19 topics were identified as material, thus relevant for the Group and they address different macro-themes: governance, people, society, planet, supply chain, human rights and product.

These 19 themes are considered priorities for ILPEA Group and, as such, they are addressed with specific ESG targets; indeed, they have been prioritized over three different levels (*Priority 1, Priority 2 & Priority 3*), not to underestimate some topics with respect to others, but rather to steer the Group's attention towards developing a sustainability strategy and setting specific ESG objectives.

While *Human Rights, Workplace Health & Safety, Customer Satisfaction and Energy & Emissions* are classified as Priority 1, the other material topics are split between the category Priority 2 and Priority 3 and still regarded as priorities for the Group.

It is worth noting that the topics related to Employees' wellbeing and engagement, Human Rights, and Workplace Health & Safety, are ranked among the most relevant to both the Group and its stakeholders highlighting the importance of human right protection,

of the presence of wellbeing initiatives and work-life balance for employees and to promote health & safety in the workplace. Similarly, *Customer Satisfaction* is among the most relevant topics indicating the significance of customer engagement for the Group.



The identification of its key stakeholders is a priority for the whole Group,

Stakeholder Engagement

For ILPEA Group, establishing a long-lasting relationship with its stakeholders is extremely important because they represent a wide range of interests and are key for the creation of shared value on the long-term.

For this reason, ILPEA is committed to continuously listening to and partnering up with its stakeholders, embracing and satisfying their needs and generating opportunities for engagement.

The identification of its key stakeholders is a priority for the whole Group, primarily to identify and assess their needs and demands, to proactively manage potentially relevant and critical issues and concerns and to define actions and implement remedies, in line with stakeholders' interests.

Herebelow are the main categories of stakeholders set out, both internal and external, with whom the Group periodically interacts to ensure an ongoing and transparent dialogue aimed at effectively managing their expectations and concerns.

ILPEA adopts a proactive approach to stakeholder engagement, periodically engaging with all its internal and external stakeholders.



With specific reference to internal stakeholders, ILPEA holds periodic meetings to review occupational conditions, to identify improvement measures and to assess employee performance, organizes ad-hoc training courses on a diverse range of topics, sets up ad-hoc communication sessions and mechanisms and carries out workplace climate surveys.

The Group has defined a Sustainability Plan which identifies the strategic priorities

As far as external stakeholders are concerned, the Group regularly conducts assessments and surveys of customer satisfaction levels, ordinarily interacts with suppliers and business partners, meets with representatives of local communities or associations, and communicates transparently with the competent authorities and regulatory bodies.

Sustainability Plan

The Group has defined a Sustainability Plan approved by the Board of Directors which identifies the strategic priorities that ILPEA is actively pursuing, while contributing to the 2030 Agenda for Sustainable Development of the United Nations. At the center of this Agenda there are 17 objectives, commonly known as Sustainable Development Goals (SDGs) and 169 targets. These Goals represent an urgent call for action for ending poverty, eliminating inequality, boosting economic growth and tackling climate change.

Aware of the fact that sustainability is a dynamic and integrated process, ILPEA is committed to updating and closely monitoring its progress with respect to the strategic priorities set in its Sustainability Plan.

All of this results in the company's contribution to the above Sustainable Development Goals.

Governance

Business Ethics & Integrity

	10 INCREASED INEQUALITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS		base year	target year
target						
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

	16 PEACE, JUSTICE AND STRONG INSTITUTIONS		base year	target year
target				
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	2022
Define a set of controls aligned with TISAX (aligned with ISO 27001) at HQ and automotive sites.			2021	2023

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	2030

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

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Water Management



target	base year	target year
Reduce water withdrawals at our manufacturing sites by 15%	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	2027
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
Partner with schools and universities to attract students in all countries in which ILPEA operates	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

Product Quality & Safety



target	base year	target year
Meet 100% of Quality Standards required by customers	2021	2025

Product

Innovation & Sustainable Product Development



target	base year	target year
Meet 100% of Quality Standards required by customers	2021	2025

Sustainable Packaging



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

Society

Customer Satisfaction



target	base year	target year
Set up customer system globally for the whole ILPEA Group	2021	2023

Community Impact & Development



target	base year	target year
Introduce the opportunity of taking part to sustainable initiatives for employees / local communities	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
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

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ILPEA Group recognizes the importance of environmental protection and thus, it is strongly committed to the preservation of natural resources and to conducting its activities in compliance with environmental regulations.



Energy & Emissions – Climate Change

Minimizing direct and indirect energy consumption and reducing greenhouse gas (GHG) emissions are part of ILPEA's commitment.

The Group is in favor of increasing energy efficiency, minimizing the absorption of energy and emissions through the development of innovative processes and services, reusing the energy dissipated within its manufacturing processes for additional energy production and continuously promoting the use of renewable energy.

Direct and indirect energy consumptions of ILPEA Group are mainly due to production activities in all its manufacturing plants, to facility heating, air conditioning and lightning, to company's fleet of cars and to other uses.

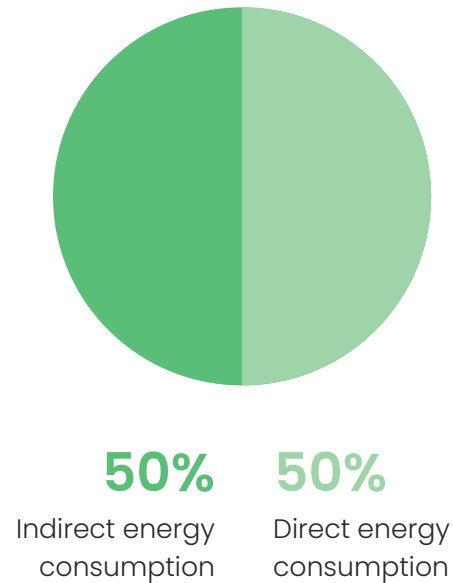
The Group consumes energy, both directly and indirectly, such as natural gas, diesel, and LPG, which is entirely purchased from external providers.

Total energy consumption amounts to 248,928,194 kWh, whereby 124,321,941 kWh refer to directly consumed

energy both from non-renewable sources and from company owned vehicles, specifically from petrol, diesel, and LPG and the remaining amount to indirect energy consumption (124,606,253 kWh).

Total Direct energy consumption	124,321,941 kWh
From non-renewable sources	
Natural gas	114,628,142
Diesel	179,134
LPG	5,317,476
From company owned vehicles	
Natural gas	2,376,378
Diesel	1,640,976
LPG	179,835
Total Indirect energy consumption from non-renewable sources	124,606,253
Total energy consumption	248,928,194

Energy consumption within the organization



Highlights at local level

- In the **Velimese plant (Turkey)**, existing machinery, such as screw compressor, is being replaced, whereas in the **Joinville production site (Brazil)**, production line motors are being substituted to achieve targeted energy savings.
- In the **Malgesso plant (Italy)** and **Polinya plant (Spain)**, solar panels are to be installed during 2022 as to exploit clean and renewable energy.
- In **all plants** periodic and preventive maintenance to machinery and equipment in order to increase productivity and efficiency and avoid any leaks or stops, is carried out.

Several measures have been implemented to achieve reductions in GHG emissions, such as but not limited to fuel switching for the corporate fleet (e.g. hybrid vehicles), exploitation and recovery of heat generated by compressors for space heating and utility water, sourcing from local suppliers to minimize the emissions generated by transportation, implementation of electric forklifts. During 2021, Scope 1 emissions amounted to approximately tCO₂e 23,160 whereas Scope 2 emissions², market based and location based for the whole Group were equal to respectively tCO₂e 54,121 and tCO₂e 48,916.

Total Scope 1 emissions

23,160
t CO₂e

From non-renewable sources	22,186
Natural gas	21,003
Diesel	42
LPG	1,141
From company owned vehicles	974
Natural gas	546
Diesel	389
LPG	39

Total Scope 2 emissions

t CO₂e

Location based	48,916
Market based	54,121

Highlights at local level

Spain, the Aoiz and Polinya plants, and Hungary, the Jaszbereny plant, are certified ISO 14001 for their environmental management system. Annually, they are subject to third-party verifications and renewal of the certificate.

² The sources of conversion and emission factors used for emissions calculations are DEFRA 2021, TERNA 2019 and AIB Residual mixes where 2020, where available.

ILPEA is implementing a new Transportation Management System software that will allow to meticulously estimate transport-related emissions

Sustainable Logistics

An important aspect of ILPEA's path towards sustainable development is logistics, as the Group is committed to lower the environmental impacts caused by the distribution of its goods by sea, air and land transportation, together with its suppliers.

ILPEA has established partnerships with suppliers for the shipments of goods with the objective of optimizing and efficiently managing transport loads and of allowing savings in time, cost, and transport. For this reason, trucks are fully loaded, and box dimensions have been redefined to enable highly efficient export deliveries. Furthermore, the Group strives to locate its production as close as possible to its customers' production plants to minimize the environmental impacts of transport loads.

In addition, ILPEA is implementing a new Transportation Management System software that will allow to meticulously estimate transport-related emissions aimed at efficiently managing all transportation activities throughout the Group, thus enabling a close monitoring of logistics flows and of transport-related emissions through specific workflows.

Waste Management

The Group carefully assesses all waste-related impacts generated by its operations and upstream and downstream in its value chain to avoid any leak or damage to the surrounding environment.

The waste generated by the ILPEA Group's operations mainly consists of packaging materials, namely cardboard, paper, wood, plastic, office waste, generated within office premises (e.g. printer toner cartridges) and industrial waste, primarily coming from production activities (e.g. welding and extrusion).

ILPEA treats both hazardous and non-hazardous waste; while hazardous waste consists primarily of contaminated materials, lubricant filters, electronic waste, oil and chemicals containing hazardous substances, non-hazardous waste refers to plastic, cardboard, wooden and mixed packaging, PVC, metal, rubber, and magnetic strip waste.

During 2021, the Group generated approximately 10,800 tons, of which 95% as non-hazardous waste and the remaining amount as hazardous waste.

95% non-hazardous waste

Total waste generated	10,866 _t
-----------------------	---------------------

Hazardous waste	495
-----------------	-----

Non-hazardous waste	10,371
---------------------	--------

% hazardous waste	5%
-------------------	----

% non-hazardous waste	95%
-----------------------	-----

The Group recovers waste for recycling, to be re-used for the same purpose for which they were conceived (commonly known as the “preparation for reuse technique”) or other purposes, such as for RDF production. Similarly, the Group recycles soft and rigid PVC scraps coming from gasket and twin production.

Currently a key focus of ILPEA Group is increasingly boosting employees’ awareness on environmental issues through specific initiatives, such as training on how to correctly dispose of waste in the specially designed containers, implementation of bins for recyclable waste and ad-hoc communication on waste management.

Highlights at local level

- In the **Twardogora plant (Poland)**, the PRS Green Label Certificate was obtained in 2019, aimed at reducing the firm’s carbon footprint by promoting more sustainable practices.

- The **Pitesti site (Romania)** obtained a recycling certificate both in 2020 and 2021.

- A “zero waste certificate” has been pursued by ILPEA in the **Velimese, Manisa and Eskisehir plants (Turkey)**, with the aim to adopt a waste management philosophy that involves preventing wastage.

- The **Isithebe plant, in South Africa**, is progressively improving the extrusion and welding process to reduce waste generation, promoting the reuse of grinded materials and switching to more sustainable solutions, such as permanent PVC covers (instead of single-use wraps).

Water Management

The Group recognizes access to water as a universal human right and is committed to preserving water resources in all its activities and areas where it operates, to reducing water consumption, withdrawals, and discharges and to minimizing the risk of contamination. To this end, the Group focuses on improving water efficiency and water recycling, especially in those areas deemed highly at risk of water scarcity, defined as areas with water stress, identified and closely monitored by ILPEA through periodic risk assessments.

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.

36 ML water consumption

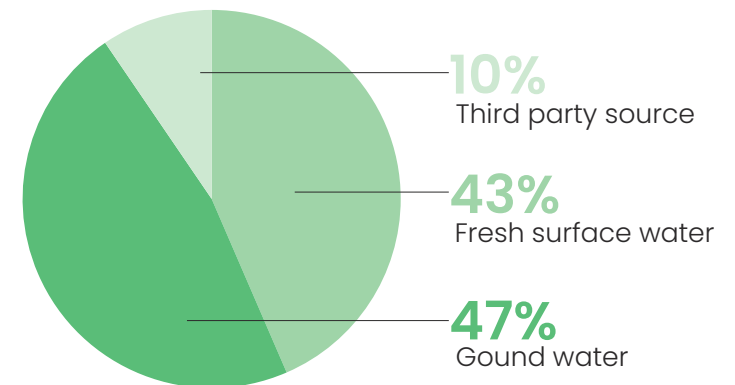
Water is discharged, in compliance with applicable regulatory requirements, both at a national and local level; water discharges are constantly monitored both internally, by the entitled department, and externally, by external laboratories or by the competent authority, to

verify that the quality indicators are fully respected and within the limits established by law. For this reason, in some cases water is treated before being discharged through primary or secondary or tertiary treatment or it is directly discharged to a third party or to the natural environment without treatment.

In the reporting period, the Group recorded water discharges equal to around 1,116 Megaliters.

During 2021, water consumption amounted to around 36 Megaliters, whereby water withdrawals, under the form of primarily fresh surface water, ground water and water derived from a third party, were equal to 1,152 Megaliters. Nearly 4% of the water withdrawals is derived from areas with water stress, to which about 15 of production plants belong to.

Water withdrawals



Water withdrawals**1,152**
ML

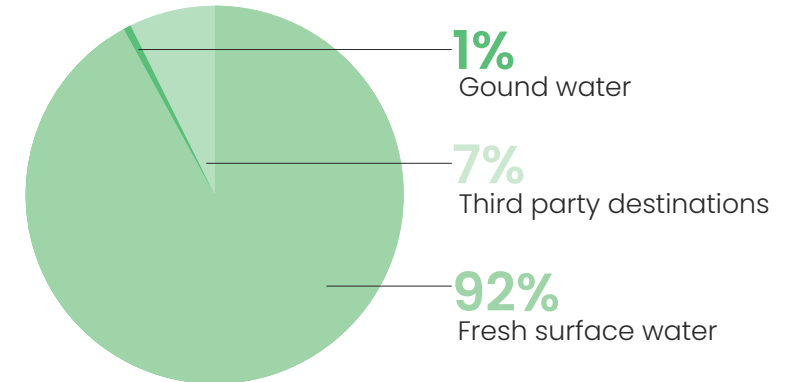
Fresh surface water	501
Ground (renewable) water	541
Third party source	110
% Withdrawn from areas with water stress*	4%
% Water recycled or reused	1%

Water discharges**1,116**

Fresh surface water	1,027
Ground (renewable) water	7
Third party source	82

Total water consumption**36**

** tool for assessing areas with water stress include the World Resources Institute (WRI) "Aqueduct Water Risk Atlas"*

Water discharges**Highlights at local level**

- In terms of water management, the **Joinville, Jundiai and Maracanaú plants (Brazil)** have the objective to install rainwater collection stations to increasingly use recycled water in the following years.
- In the **Malgesso plant (Italy)**, a project for the installation of a dry abatement system is underway to significantly reduce water consumption.

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People

People are fundamental for ILPEA. The professionalism and commitment of management and employees are strategic for achieving ILPEA's objectives.



Diversity, Equity, and Inclusion

Both globally and locally, the Group endorses equal opportunities through the definition and implementation of specific plans and procedures.

Workforce Composition

As of October 31st, 2021, the ILPEA Group had 4.633 employees, of whom 58% male and 42% female.

Employees can be divided into three categories: Management, White collars, and Blue collars.

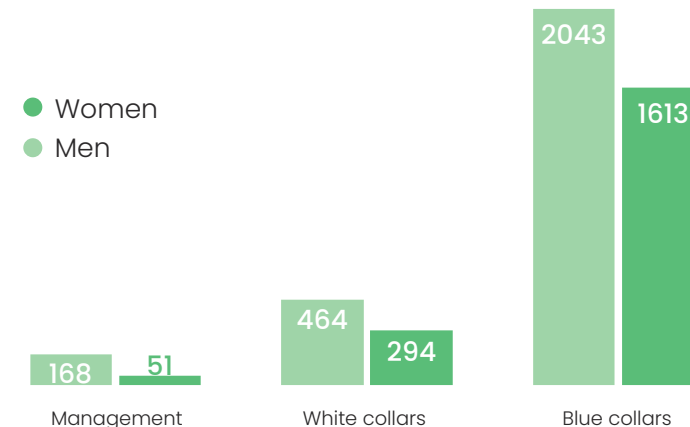
Management is the decision-making body composed of: (i) Top Management: in charge of making strategic decisions, driving the Group's performance, defining targets and plans; and (ii) Middle-Management: in charge of developing and implementing projects and managing people. White collars are those employees tasked with specific responsibilities and duties whereas blue collars are those that perform operational duties throughout the Group.

In terms of gender, the workforce composition is made of 2,675 male employees (58%) and 1,958 women (42%). The professional category with the highest number of female workers is blue collars, with a 44% of women in the workforce (1,613 in 2021), followed by white collars

Total employees

n.	Men	%	Women	%	Total
Total employees	2,675	58%	1,958	42%	4,633
Management	168	77%	51	23%	219
White collars	464	61%	294	39%	758
Blue collars	2,043	56%	1,613	44%	3,656

Total employees



(39% of females).

The majority of the workforce is concentrated in the age group 30-50 years old which represents 45% of the

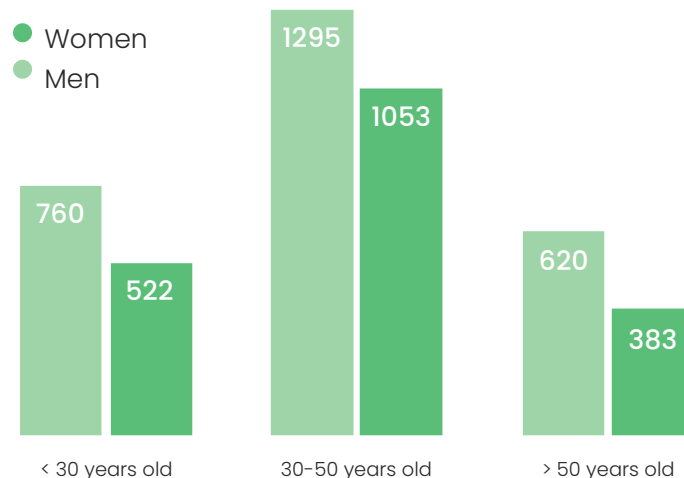
4.633
employees

58%
male

42%
female

Group's total workforce. Employees under 30 years old account for approximately 41% of the population, in line with the Group's endorsement of young talents. Similarly,

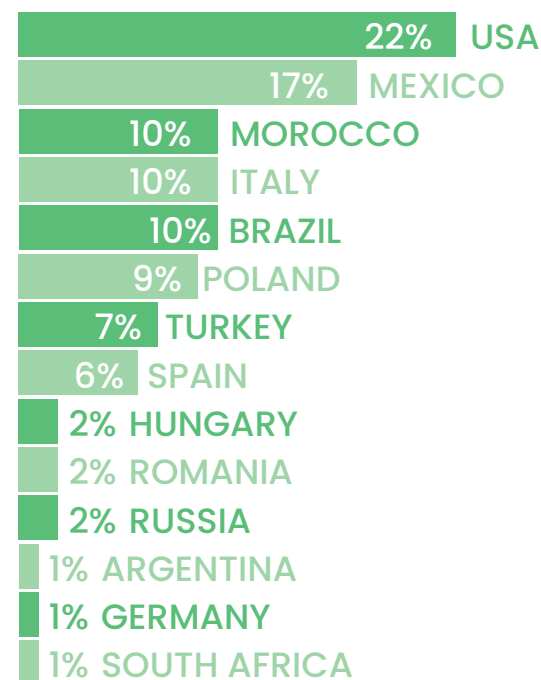
Total employees



Women in the first level of management account for 23% of the total management level of ILPEA.

In terms of geographical positioning, employees are located in various countries. As depicted by the graph below by country, most employees are concentrated in the United States of America (22%), in Mexico (17%), in Italy (10.5%), in Morocco (10.4%) and in Poland (9%).

Workforce by country



In compliance with regulatory requirements, ILPEA employs a certain percentage of people in vulnerable categories. Employees in vulnerable categories amounted to 54 as of October 31st, 2021, accounting for 1% of the total workforce (31 men and 23 women).

In 2021, 97% of employees had a permanent contract and employees with a fixed-term contract amounted to

only 152 (3%), an evident demonstration of the Group's commitment to retaining personnel over time and of its investment in talent retention.

The Group recognizes the right of all employees to join trade unions, to collective bargaining and to freedom of association. Indeed, 47% of the total employees is represented by trade unions and 52% is covered by

Highlights at local level

- In the **Aoiz and Polinya plant (Spain) and in Tangier site (Morocco)**, an equality plan has been defined, establishing equal opportunities for male and female workers. Additionally, a protocol for the prevention, detection and management of situations of workplace harassment has been outlined to adequately manage violence at work. The establishment of ad-hoc committees, namely the committee of equality plan, ensures that actions are in place to achieve equity and inclusion in the workplace.

Workplace Health & Safety

ILPEA is committed to protect the health and safety of all its employees and of the external workers in order to

prevent accidents or illnesses and to ensure personnel wellbeing.

To this end, the Group has defined a Quality, Health, Safety, Environment and Sustainability Policy, which outlines the principles and strategies pursued by the company in order to achieve the highest standards of occupational health and safety, such as but not limited to:

- Preventive risk assessments of new activities and production processes, executed by authorized third parties, intended to identify the required personal protective equipment to be used in each workstation, to diagnose risks, both current and potential, to assign responsibility and duties.
- Training activities to all employees on safety devices, operational and maintenance tools, for instance forklift training, hearing conservation and machine guarding;
- Periodic review of accidents, injuries, near miss or any risk situation and close monitoring of key performance indicators (e.g. number of incidents, incident rate, absenteeism);
- Engagement and communication with personnel to boost awareness on health and safety issues.

As previously stated, worker training on health and safety standards in the workplace represents a key issue for

The Group is subject to external verifications and inspections by the authorities or authorized third parties aimed at ensuring that the highest standards of health and safety are respected.

the whole Group and is part of the preventive approach applied by ILPEA in the management of occupational health and safety.

As a matter of fact, training activities are periodically delivered, in compliance with local regulatory requirements, to ensure that employees know how to operate and behave safely in the workplace. These courses are customized and carried out based on the various needs and roles of ILPEA's professionals and on the risks faced daily by all employees.

More specifically, employees are trained on the use of safety devices and of operational and maintenance tools, such as forklift training, hearing conservation and machine guarding and on the implementation of safety measures. It is important that all employees have all the knowledge, skills and values to operate safely and securely.

The Group is subject to external verifications and inspections by the authorities or authorized third parties aimed at ensuring that the highest standards of health and safety are respected.

In 2021, 115 accidents were recorded among employees and external workers, of which 109 at the workplace and 6 during travelling from home to work and back, as a result of commuting incidents. No fatalities occurred during the reporting period.

The rate of recordable work-related injuries amounted to 13 in 2021 whereas the rate of high consequence work related injuries (excluding fatalities), was nearly 1. No work-related illness or fatality as a result of work-related ill-health took place during 2021.

Total number of recordable work-related injuries

n.	Men	Women	Total
Total number	63	52	115
At workplace	62	47	109
Travelling from home to work and back	1	5	6
Rate of recordable work-related injuries³	13	14	13

³Rate of recordable work-related injuries computed as: (number of recordable work-related injuries at workplace / number of worked hours) * 1,000,000

Highlights at local level

- In the **Aoiz and Polinya plants (Spain)**, in the **Tangier site (Morocco)**, in the **Turkish plants (Velimese, Manisa and Eskisehir)**, in the **Queretaro and Monterrey plants (Mexico)** and in the **Malgesso and Orcenico plants (Italy)**, a health and safety committee has been set up, responsible for overseeing safety concerns and health issues, implementing corrective improvement plans and monitoring progress.

The committee meets periodically and is composed of workers and personnel, in charge of guaranteeing occupational health and safety. Employees are free to report any concern related to health and safety that might result in a hazard or violation of applicable norms.

- Similarly, the **Joinville, Jundai and Maracanaú plants (Brazil)** have an Internal Accident Prevention Commission (IAPC), composed of employees' representatives, in charge of promoting a healthy, secure and safe working environment.

- In **Spain**, ILPEA has recently obtained the ISO 45001 certification for its occupational health and safety management system.

- In the **United States**, all employees are offered the option of being covered by medical insurance and are subject to wellness screenings for multiple health problems or concerns.

- Ongoing communication (e.g. leaflets and emails) and training activities, such as campaigns and events (safety week in the **Brazilian plants**), are carried out to boost awareness on the prevention and mitigation of risks and situations that may damage the health and safety of employees or that may give rise to incidents, and on the monitoring of the correct application of occupational health and safety systems and procedures.

Talent attraction & development

The Group has implemented various programs for upgrading employees' technical and managerial skills, with the goal of constantly investing in talent retention and development and in the professional growth of its employees.

To this end, training activities are implemented and completed periodically based on employees' needs and competences, also in relation to their role and duties. The training courses, sponsored by the Group, are centered on compliance, business ethics and integrity, diversity and inclusion and health and safety, to ensure that all employees have a proper understanding of such issues.

Training activities are implemented and completed periodically based on employees' needs and competences

Training activities are implemented and completed periodically based on employees' needs and competences

Furthermore, the Group actively promotes training on occupational health and safety, considering that health and safety represents a priority for the Group.

To this end, ad hoc training courses are delivered to all personnel as part of ILPEA's preventive approach and measures with regard to safety in the workplace and in compliance with applicable regulations and law requirements.

The courses carried out focus primarily on first-aid response, on the exploitation of chemical hazards and on the compliance and safety of machinery, equipment and electrical components.

Similarly, technical-specialist and professional courses are carried out for ILPEA's personnel to ensure that all employees have all the technical competences necessary to execute the tasks to which they are assigned.

The continuous investment in employee training and development represents a priority for the Group. For this reason, ILPEA periodically evaluates employees' training needs and actively monitors employee performance and skills to identify their strengths and areas for improvement.

Similarly, the Group is committed to invest in transition-assistance programs, with the goal of facilitating the employability and the management of career endings resulting either from retirement or termination of employment. To this end, the Group offers various

transition-assistance programs, such as but not limited to:

- Retirement Provision
- Transition assistance program, in the case of career endings.

The Group offers retirement severance pay and allows for the possibility of continuing to work, even after reaching the retirement age, at the discretion of the employee. In addition, employees can use social assistance programs offered when reaching the retirement age.

In terms of transition assistance program, the Group actively protects employees against dismissal from work before reaching the retirement age. It also provides support to employees for the whole notice period in the form of ad-hoc meetings with the labor office or sponsorships of technical or specific courses; the goal is, indeed, to guarantee the employability of employees in the near future and to adequately manage their career ending.

Furthermore, ILPEA provides psychological support in the management of career endings and allows for some paid days off.

In terms of talent attraction, ILPEA is focused on recruiting individuals that best represent company's needs. Recruitment is carried out periodically, based on

job openings, through websites, referrals, social media and networking opportunities with local schools and universities; candidates are subject to review of their qualifications, their skills and experiences and diverse job interviews.

During 2021, 55% of employees received regular performance and career development reviews, in line with the expectations and responsibilities of their role.

Percentage of employees receiving regular performance and career development reviews

u.m	%	Men	Women	Total
Management		75%	69%	74%
White collars		61%	62%	61%
Blue collars		53%	53%	53%
Total		55%	54%	55%

55% men

54% women

Highlights at local level

- In the **Twardogora plant (Poland)**, mentorship programs are implemented, intended to upgrading employees' skills.

- In the **Aoiz and Polinya plants (Spain)** and in the **Tangeri site (Morocco)**, an ad-hoc program, known as "Young Talent" for the attraction, retention and development of young talents, aimed at hiring and training the so-called leaders of the future and at embedding the company's purpose, mission and DNA into daily practices and behaviors of employees, is currently in place.

- In the **Aoiz and Polinya plants (Spain)** and in the **Tangeri site (Morocco)**, performance reviews are executed periodically to give honest feedback to all employees, to identify strengths, weaknesses, and areas of improvement and to boost their personal and professional development.

- In its **Brazilian plants**, ILPEA is currently finalizing an agreement with local universities, by which the company will subsidize and cover a percentage of the cost incurred by employees for undergraduate and graduate programs, thus, to furtherly develop their education.

Employee Engagement

Engaging and dialoguing with employees are essential for the establishment of long-term relationships between the company and all its employees. For this reason, the Group sponsors a work environment in which employees communicate freely and feel comfortable to propose new ideas.

Indeed, multiple initiatives have been implemented during 2021 throughout the Group, such as:

- Annual satisfaction and engagement surveys on the work environment carried out with the aim to measure employee satisfaction, to identify which are the needs of the workforce and to map potential areas for improvement.
- Suggestion boxes, freely available all year long in which employees can anonymously report complaints or suggest improvements across different areas.
- Recommendation plans for the hiring process, whereby employees are actively engaged in the search of new talents that are perfectly aligned with the company's culture and mission

To improve individual wellbeing, key welfare plans, and initiatives were offered throughout the Group, during 2021:

- Awarding system, which results into the awarding of bonuses based on objectives and targets set for each employee based on its role;
- Life insurance;
- Health Care and health plans for specific employee categories (e.g. white collars);
- Disability and invalidity coverage;
- Periodic health check-ups and wellness assessments (generally conducted onsite);
- Parental Leave;
- Retirement Provision: the Group offers retirement severance pay and allows for the possibility of continuing to work, even after reaching the retirement age, at the discretion of the employee;
- Transition assistance program, in case of career endings (including protection against dismissal from work for 4 years before reaching retirement age, support to employees during the notice period in the form of meetings with the labor office and psychological support, paid days-off);
- 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);

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

Highlights at local level

- In the **Aoiz and Polinya plants (Spain)**, the "Plan Recomendada" has been implemented, whereby employees participate to the search of new hires and professionals.

- In its **Spanish (Aoiz and Polinya), Polish (Twardogora) and in Joinville, Maracanaú and Jundá plants (Brazil)**, ILPEA carries out satisfaction and engagement surveys, monitoring workplace climate and uses the feedback gathered to implement activities and initiatives to further motivate employee and ensure a high engagement rate.

- The **Aoiz and Polinya plants** have introduced the "your idea wins" program, which enables employees to offer their ideas for improvement and innovation of production processes and business.

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Product

ILPEA Group is continuously committed to ensuring customer satisfaction by offering new, innovative, and high-quality products and developing low environmental impact solutions that promote the extending of the life cycle of products.



0 incidents
of non-
compliance
concerning
the health
and safety of
products

Product Quality and Safety

The pursuit of quality and safety has always been a key feature for the ILPEA Group, as to keep customers' trust and guarantee their satisfaction and protect their health and safety along the whole life cycle of products, while pursuing excellence and innovation in the design of products.

To this end, during 2021, zero incidents of non-compliance concerning the health and safety of products were recorded. This clearly indicates that the Group continuously monitors the impacts of all its products and ensures that its products do not harm customers' health and are fully compliant with existing health and safety standards, with regulations and/or voluntary codes.

The Group constantly engages with its customers through long-lasting partnerships aimed at continuously meeting customers' needs and at improving the products and services offered; indeed, from the initial feasibility study to the final production, customers become fully involved in the design and manufacturing process of products. Moreover, ILPEA ensures that customers are made aware of the chemical content of its products by fully disclosing and explaining it to its customers through appropriate tools (e.g. websites). Suppliers are bound to comply with ILPEA's requirements

in terms of product quality and safety and applicable regulations as provided by the Quality Assurance Agreement because together with its suppliers, the Group strives to achieve the highest level of quality and of safety in all its products. To this end, suppliers ought to be fully responsible for supply quality and performance, pursuing a zero-defects strategy, establishing, and maintaining a quality assurance system, aligned with the ISO 9001:2015 standard or IATF 16949:2016 regulation and setting up a process for permanent improvement of quality and productivity.

The Group has the objective to achieve the highest product quality, with the aim of zero defects or faults. To this end, ILPEA Group has implemented a quality management system based on the ISO 9001:2015 and IATF 16949:2016 standards.

Similarly, the safety of the substances used for manufacturing is a fundamental element to ensure a safe and excellent product. For this reason, all substances are fully compliant with the most restrictive international regulations on chemical substances, including the *Restriction of Hazardous Substances Directive* (commonly known as RoHS) 2002/95/CE and with the *Registration, Evaluation, Authorization and restriction of Chemical* (REACH) regulations, with particular reference to the substances of very high concerns (SVHC).

ILPEA has more than 40 patents and 10 registered trademarks, such as but not limited to: SIGMA FIGURA, ISOSKIN, IOS, FERRIPLAST, INOMAG and PULVEROX.

Suppliers are, therefore, required to operate in full compliance with these regulations. Furthermore, all substances and raw materials are conflict-mineral free, except for tin stabilizers in PVC rigid, and food contact compliant, where applicable.

The Group attentively monitors health and safety impacts of its products and the raw materials used; for this reason, safety data sheets are filled out through a specific software for any substance or material and collected by the research and development department to ensure compliance with applicable regulatory requirements and to track the presence of any health and safety issues.

The Group is aware of the importance of carefully assessing, monitoring, and minimizing any risk correlated with production processes and activities, which may give rise, either directly or indirectly, to potential non-compliances or defects in the goods and services offered.

Innovation & sustainable product development towards a circular economy

The continuous development of innovative and sustainable products is among the priorities of ILPEA

Group's strategy and is what makes ILPEA a market leader.

Indeed, the Group continuously invests in research and development of new materials and products, in product diversification and innovation, and in mastering innovative solutions and techniques: thanks to the combination of product engineering (design and development of innovative products) and machine engineering (design of the tools and machines exploited throughout the manufacturing process), ILPEA is in a position to develop several new products every year.

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

- Plastic profiles fitted with magnetized strips;
- PVC-free materials;
- AS-free materials.

The Group's commitment to continuously innovate can also be measured by the number of patents and trademarks that ILPEA has filed over the years. As of now, ILPEA has more than 40 patents and 10 registered trademarks, such as but not limited to: SIGMA FIGURA, ISOSKIN, IOS, FERRIPLAST, INOMAG and PULVEROX.

Furthermore, products with lower environmental impacts are being developed, such as energy saving products, high-thermal insulation gaskets which enable energy savings and improve refrigerator performance. The use of raw materials and of compounds that have a recycled content and derive from renewable and circular sources is also progressively underway; for instance, PVC-free compound for refrigerator gaskets is increasingly being used to lower the environmental impact, due to the absence of halogens, to facilitate recycling and to increase the efficiency.

Furthermore, evaluations of the environmental footprint of products are conducted by ILPEA; indeed, the Group has recently carried out a life-cycle assessment (LCA) on the environmental impact of washing-machine door gaskets made of EPDM rubber and thermoplastic elastomer (TPE), along the production, the upstream and downstream process, to assess the preferability of TPE-based gaskets from an environmental point of view.

The volume of materials (in tons) used to produce and package the Group's primary products is mentioned herebelow. The Group exploits in its production processes both renewable materials, such as wood, paper, cardboard for packaging, and non-renewable materials, for instance metals, chemicals, rubber, PVC compounds and plastic.

As stated in its Quality Health, Safety, Environment and Sustainability policy, ILPEA Group pays great attention to the collection, reuse, and recovery of products at the end of their life cycle, to the development of technical proposals for products with a lower environmental impact that can be reused as secondary raw materials for other purposes and to packaging, consisting primarily of wood, paper, cardboard, and plastic.

Sustainable Packaging

As part of its efforts towards environmental protection, ILPEA strives to implement sustainable packaging solutions, promoting the use of recyclable packaging, such as wood and cardboard, reducing single-use packaging, favoring the use of recycled materials, as packaging solutions.

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Society

Engagement, with local communities and customers and more generally with society, is of uttermost importance for ILPEA Group.



Society

The Group has always been committed to support local communities and to generate a positive impact on the surrounding environment and has been establishing partnerships with its customers to pursue customer satisfaction, market success and continuous innovation.

Customer satisfaction

ILPEA Group attributes a major role to the client, constantly promoting customer satisfaction and improving customer experience. Indeed, it is committed to achieving commercial success and satisfying the needs of the market and of its clients through its ongoing investment in research and development, its peculiar engineering techniques, its focus on product diversification and innovation and its constant research for product quality and safety.

The Group is subject to direct evaluations on its performance in terms of delivery time, product quality, service management, flexibility, and sustainability.

Thanks to its international foothold, the Group is present in all the locations where its main customers operate, thus making the delivery of products both costly and timely efficient. To continuously meet customer needs, the Group offers numerous products every year, reducing time to market to a very minimum, and provides customized solutions.

In addition, as stated in its Code of Ethics, the Group focuses on customer satisfaction in terms of the protection of customer rights, guaranteeing the confidentiality of any private information shared, either voluntarily or involuntarily, with ILPEA.

Proof of the central role played by customer satisfaction is that the Group adequately manages customers' needs in accordance with internal procedures, whereby at least annually, a careful and detailed assessment of customer satisfaction is carried out for every business unit and subsidiary, by evaluating the percentage of supply and on-time delivery, by reviewing customer returns and claims and executed audits and by sending to each customer a client satisfaction survey based on product and service quality and on-time delivery.

Internal ad-hoc departments meticulously review the results obtained and implement corrective actions where needed. Subsequently, periodic monitoring is carried out to ensure the effectiveness of the action plan.

Periodically, the Group is subject to direct evaluations on its performance in terms of delivery time, product quality, service management, flexibility, and sustainability. In terms of sustainability, ILPEA strives to communicate its ESG performance to all its customers, to guarantee the sustainability of its products and services offered and develop new components and solutions, that are highly responsible from a social and environmental perspective in order to stay on the edge of market trends.

Community Impact and Development

ILPEA Group is actively engaged with the communities in which it operates as it regards society as one of the fundamental pillars of its viability and success.

The Group is aware of the impact of its activities on the community; for this reason, over the years, it has been promoting partnerships, initiatives and sponsorships and providing any kind of support to different projects, contributing to the well-being of the community in which it operates through its plants.

As a matter of fact, local community engagement represents a longstanding commitment throughout the Group.

Highlights at local level

- In the **United States of America**, community outreach represents a way to achieve closure with the communities in which ILPEA operates. As such, during 2021 ILPEA has financially contributed to several charities, local schools, and shelter communities. For instance, in the Evansville (Indiana) and Hartselle (Alabama) plants in November 2021 employees participated to can food drives whereas in Scottsburg (Indiana) and Galesburg operational sites, school supply drives were organized for local schools by providing the necessary tools (es. pencils and notebooks) for school learning; additionally, in the Evansville location (Indiana) employees made donations to shelter communities for Christmas dinner, funded youth sport clubs, such as the youth baseball league or golf clubs, whereas in Galesburg (Illinois), ILPEA financed some associations, for instance the Western Illinois Animal Rescue (WIAR) and donated tools, as well as clothing and food for people in need, to the local YMCA. In the Hartselle (Alabama) plant, employees participated to the "Shop with a Cop" program. Lastly, during 2021 in Scottsburg ILPEA participated to blood drives (Red Cross) and participated to several initiatives aimed at promoting human rights (es. preventing child abuse).

- In its **Brazilian manufacturing sites**, during 2021 employees provided food supplies to a charity organization "Grandmother Joaquina's house" and for the future, the company has committed to voluntarily donate approximately 2% of its income tax to the "Special Fund for Children and Adolescents", whose main goal is to exclusively fund and sponsor programs, initiatives and activities ensuring that basic human rights of children and adolescents are protected and fulfilled.

- In **Italy**, the Group actively promotes community-based initiatives and contributes to the support of local schools, national research projects (e.g. Cancer Research Foundation "AIRC") and charities (e.g. Nonprofit Organization "Caritas").

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Supply Chain

For ILPEA Group, sustainability implies also embracing its entire supply chain and continuously engaging with suppliers, who are strategically important for the success of the Group.



5,337 suppliers are involved within ILPEA's operations worldwide.

Supply Chain

For ILPEA Group, sustainability implies also embracing its entire supply chain and continuously engaging with suppliers, who are strategically important for the success of the Group. To this end, the Group is committed to promoting a responsible supply chain that pays uttermost attention to environmental and social issues.

A total of 5,337 suppliers are involved within ILPEA's operations worldwide. The Group employs both direct and indirect suppliers, whereby direct suppliers mainly consist of suppliers of raw materials, components, expendable packaging, utilities (e.g., electricity, methane), maintenance repair & operations (of machinery) whereas indirect suppliers primarily refer to other services, namely manufacturing, selling and administrative services including insurance, legal, audit and consulting services.

Total suppliers

n.

Total suppliers	5,337	
Direct	954	18%
Indirect	4,383	82%

Total suppliers expenditure €

Total suppliers expenditure	260,515,168	
Direct	234,541,815	90%
Indirect	25,973,353	10%

As proof of its endorsement of a responsible supply chain, the Group has recently adopted a Conflict Minerals Policy, whereby the principles and actions, undertaken to guarantee a responsible and "conflict free" procurement of materials, to assess and mitigate the risks associated with conflict minerals and to prevent human right abuses and the financing of armed groups, are defined.

Responsible sourcing

The Group collaborates with leading suppliers in their sector, in charge of ensuring high-quality and reliable raw materials and components. To this end, in the selection process of suppliers, ILPEA, through its dedicated departments, evaluates the following criteria: product quality and safety, reliability, on-time delivery, compliance with delivery terms and quantity, and financial viability. In terms of quality, suppliers are periodically evaluated

based on product incoming conditions, the presence of dangerous materials and substances, of which the Group must be timely informed, treatment of defective parts and implementation of corrective actions and the implementation of a quality management system in accordance with ISO 9001:2015 and IATF 16949:2016.

As, in order to actively contribute to sustainable development, it is necessary to ensure responsible practices from a sustainable perspective along the whole supply chain, the Group is committed to engaging with all its suppliers in contributing to the development and establishment of a responsible supply chain. For this reason, ILPEA focuses on sourcing from highly responsible suppliers from an environmental and social perspective as stated in its "Supplier Code of Conduct."

In addition, the Group strives to work with suppliers located close to its manufacturing plants, as to minimize the environmental impacts generated by the transportation of goods and to increase the efficiency of deliveries, both from a time and cost perspective.

Additionally, self-assessments on ESG issues are submitted to suppliers through specific questionnaires. Suppliers are evaluated based on the response given to the questionnaires and the received scores; their performance is also constantly monitored to ensure ongoing compliance with ILPEA's pre-requisites.

Highlights at local level

- In the **Twardogora plant (Poland)**, suppliers and business partners are selected based on whether they possess an environmental certificate or other certificates, among which the REACH and Conflict Minerals Reporting Initiative can be found.
- In its **Brazilian plants (Joinville, Jundai and Maracanaú)**, ILPEA requests suppliers to comply with the Supplier Requirements Manual, with specific reference to guaranteeing environmental protection, use of non-hazardous substances, and ensuring occupational health and safety and to fill out the Supplier Audit Form, primarily used for supplier assessments.
- In the operational sites in **Spain**, responsible sourcing represents a key issue. Indeed, the selection process of suppliers, contractors and business partners depends upon whether supplies have obtained the ISO 14001 and 45001 certificates, respectively for the environmental management system and occupational health and safety management system and thus, are socially and environmentally responsible. Suppliers and business partners are also requested to sign, accept, and comply with a quality agreement.

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Human Rights

Guaranteeing the protection of human rights is one of the fundamental principles of ILPEA's business and sustainability strategy.

So, a Human Rights Policy has been developed and implemented throughout the Group.



ILPEA Group ensures a workplace that respects human rights in line with the main internationally recognized standards

Commitment to protection

As stated in its Human Rights Policy, ILPEA Group ensures a workplace that respects human rights in line with the main internationally recognized standards and applicable national and international laws, such as but not limited to the Universal Declaration of Human Rights of the United Nations, European Convention on Human Rights, Human Trafficking Prevention Act, EEOC and OSHA regulations, decent work standards contemplated by the International Labor Organization (ILO) conventions.

In all its operations, ILPEA ensures the protection and respect of human rights by banning any form of harassment or violence, by promoting inclusivity, diversity, and equal opportunities, also during the selection process/ hiring phase and during the work relationship, by guaranteeing occupational health and safety, by providing decent working conditions and adequate remuneration and by rejecting any kind of discrimination, by promoting the freedom of association and the right to collective bargaining and by strictly prohibiting any form of child labor or forced labor or human trafficking.

The Group actively promotes employee awareness of human rights issues through ad-hoc periodic training activities on ethical issues and on human rights with the objective of encouraging all employees to operate in

such a way as not to violate basic human rights and the principles set in the above-mentioned policy. During 2021, 28% of Group's population attended trainings on human rights.

Furthermore, as provided by its Whistleblowing procedure, employees are strongly encouraged to report any suspected human rights violations or any situation that may give rise to human rights abuses.

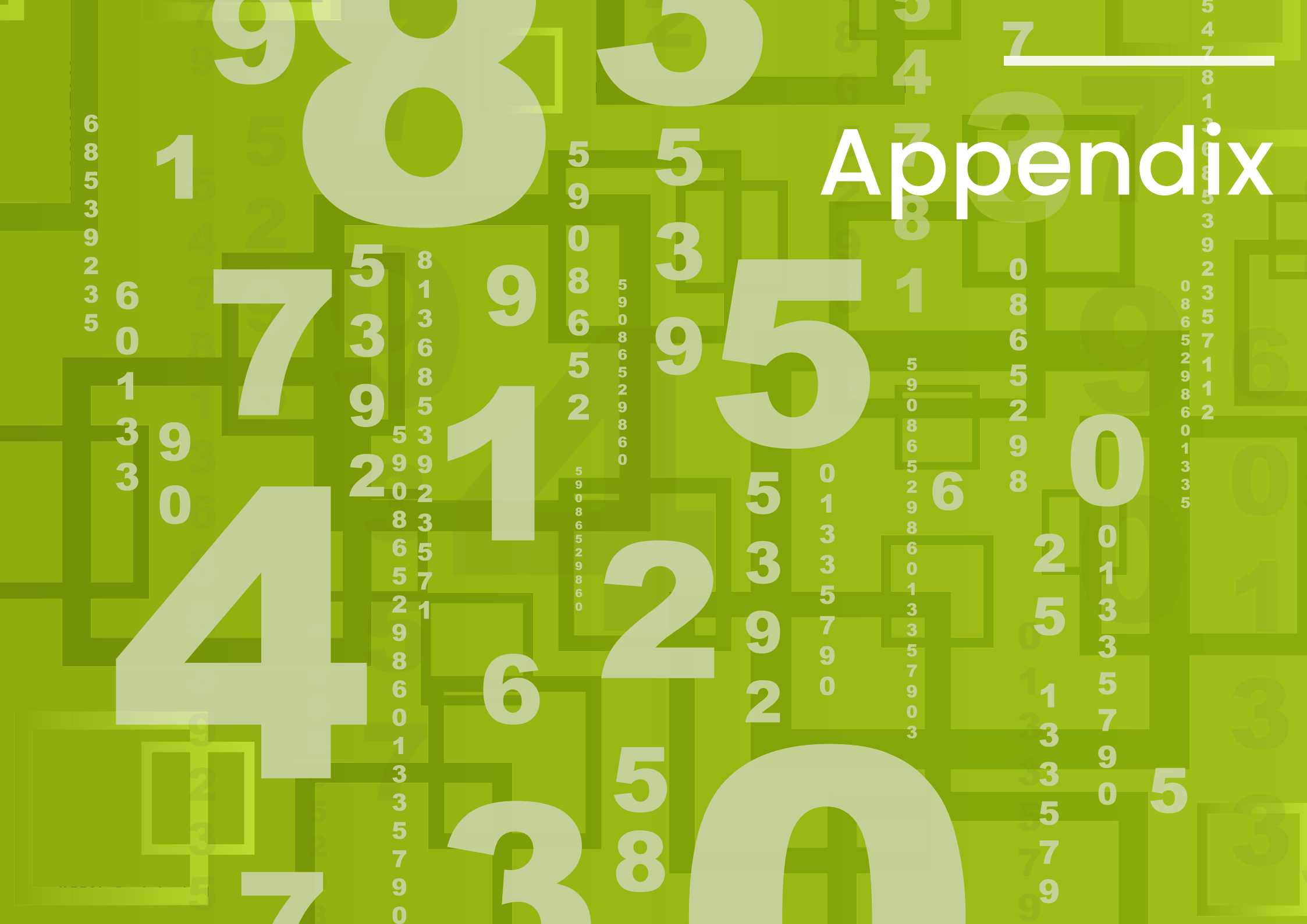
During 2021, 1 case of discrimination was registered in the Anderson (US) plant. The case was internally and externally investigated, proper corrective actions were put in place and the incident is now closed. To this end, the Group aspires to have zero incidents of discrimination.

Human Rights along the supply chain

Similarly, ILPEA requires a strong commitment to human rights protection along the supply chain. For this reason, procurement of materials or components is prohibited if it causes or contributes, either consciously or unconsciously, to human right violations, especially in areas deemed mostly at risk, for instance conflict areas.

ILPEA carries out adequate risk assessments, specifically on human rights risks related to production and sourcing, with the objective to proactively prevent and mitigate its impact on human rights.

Appendix



Key Metrix



Total employees

	Men	%	Women	%	Total
Total employees	2,675	58%	1,958	42%	4,633
<30 years old	760	59%	522	41%	1,282
30-50 years old	1,295	53%	1,053	47%	2,348
>50 years old	620	62%	383	38%	1,003
Management	168	77%	51	23%	219
<30 years old	3	43%	4	57%	7
30-50 years old	83	72%	32	28%	115
>50 years old	82	85%	15	15%	97
White collars	464	61%	294	39%	758
<30 years old	109	62%	67	38%	176
30-50 years old	226	59%	157	41%	383
>50 years old	129	65%	70	35%	199
Blue collars	2.043	56%	1.613	44%	3.656
<30 years old	648	59%	451	41%	1.099
30-50 years old	986	53%	864	47%	1.850
>50 years old	409	58%	298	42%	707

Total number of employees by contract type

	Men	Women	Total
Numbers of employees by contract type	2,675	1,958	4,633
Full-time	2,663	1,898	4,561
Part-time	12	60	72

Workforce by countries

	n.	%
Italy	485	10,5%
Germany	43	0,9%
Spain	278	6,0%
Morocco	483	10,4%
South Africa	51	1,1%
Romania	102	2,2%
Hungary	93	2,0%
Poland	400	8,6%
Russia	104	2,2%
USA	1.000	21,6%
Argentina	30	0,6%
Brazil	484	10,4%
Mexico	780	16,8%
Turkey	300	6,5%
Total	4633	100%

Total number of employees by contract type

	Men	Women	Total
Numbers of employees by contract type	2,675	1,958	4,633
Permanent contracts	2,596	1,885	4,481
Fixed terms contracts	79	73	152

Employees by employment contracts by region

	Permanent contracts	Fixed terms contracts	Total
Italy	480	5	485
Germany	43	-	43
Spain	277	1	278
Morocco	483	-	483
South Africa	51	-	51
Romania	94	8	102
Hungary	93	-	93
Poland	306	94	400
Russia	104	-	104
USA	1.000	-	1.000
Argentina	22	8	30
Brazil	482	2	484
Mexico	746	34	780
Turkey	300	-	300
Total	4.481	152	4.633

Number of employees evaluated on performance and career development

	Men	Women	Total
Management	126	35	161
White collars	281	181	462
Blue collars	1.074	848	1.922
Total	1.481	1.064	2.545

Total number of recordable work-related injuries

	Men	Women	Total
Total number of work-related injuries	63	52	115
At a work place	62	47	109
Travelling from home to work and back	1	5	6
Total number of high-consequence work-related injuries (excluding fatalities)	8	5	13
At a work space	7	4	11
Travelling from home to work and back	1	1	2
Worked hours	4.798.917	3.385.386	8.184.304
Rate of recordable work-related injuries	13	14	13
Rate of high-consequence work-related injuries (excluding fatalities)	1	1	2

Scope 2 emissions location based – indirect energy emissions within the organisation per REGION₄

2021	tCO2e
From electricity	48.916,39
Italy	8.212,63
Romania	622,21
Spain	704,99
Germany	551,30
Poland	13.098,52
Hungary	643,57
Turkey	2.712,58
US	12.480,73
Mexico	5.215,66
Brazil	1.445,41
Russia	885,08
Morocco	1.587,95
South Africa	629,55
Argentina	126,20

Scope 2 emissions market based – indirect energy emissions within the organisation per REGION⁴

2021	tCO2e
From electricity	54.120,68
Italy	11.958,37
Romania	589,24
Spain	961,91
Germany	826,00
Poland	14.004,27
Hungary	697,27
Turkey	2.712,58
US	12.480,73
Mexico	5.215,66
Brazil	1.445,41
Russia	885,08
Morocco	1587,95
South Africa	629,55
Argentina	126,20

⁴The sources of conversion and emission factors used for emissions calculations are DEFRA 2021, TERNA 2019 and AIB Residual mixes where 2020, where available.

Methodology



Methodology

This is the first Sustainability Report of the ILPEA Group. It represents its authentic commitment towards a structured, transparent, and open process of reporting 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.

The Group underwent a structured and concise reporting process, that led to the drawing up of this first Sustainability Report, which entailed:

- the involvement of all Group subsidiaries and departments and the identification of personnel, responsible for data and information collection at a local level.
- the collection of quantitative and qualitative data through a reporting system based on data collection forms, that were shared among all Group entities. This data collection system has been specifically designed to meet the requirements of the GRI standards. For certain data, the financial reporting system was used.
- the aggregation and consolidation of quantitative data and the review of qualitative information.

- the approval of the Sustainability Report by the Group's Board of Directors.

In order to identify the report content, the Group considered the principle of materiality, disclosing the most important economic, social and environmental impacts directly linked to all the companies of the ILPEA Group and regarded as relevant by all stakeholders, with whom the Group has carried out engagement activities. Furthermore, the principles of stakeholder inclusiveness and sustainability context are applied; the Group firmly monitors the expectations and needs of all parties, that influence or are influenced by its operations. For further information, please refer to the "Stakeholder Engagement" section.

All 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.

The reporting scope is limited to the parent company ILPEA Parent Inc, and its subsidiaries, fully consolidated on October 31st 2021: ILPEA Industries Inc. and Industrie ILPEA SpA, which directly or indirectly control other subsidiaries listed below.

The following subsidiaries are included in the consolidation scope for the purposes 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
- S.p.A. Garvaplast 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. and ILPEA Paramount Ltd have not been included in the reporting scope, respectively due to non-significance of the component. ILPEA BV has not been included 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 2021 fiscal year, from November 1st,2020 to October 31st, 2021. The reporting cycle is annual.

This Sustainability Report has been prepared in accordance with the Sustainability Reporting Standards

published by the Global Reporting Initiative (GRI) – commonly known as GRI Standards, according to the “In accordance with GRI Standards: core” option. To provide a timely representation of performance, preference has been given to the inclusion of directly measurable qualitative-quantitative indicators and the use of estimates was limited in duly reported cases.

Since this is the first Sustainability Report of the ILPEA Group, there are no restatements of information and no significant changes in reporting. During the reporting period, the Group was not subject to any significant change regarding its ownership, organizational structure, and supply chain.

For additional information, please contact:
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GRI Index



GRI standard and disclosure	Reference	Omission
Organizational profile		
102-1 Name of the organization		
102-2 Activities, brands, products, and services	8-10	
102-3 Location of headquarters	9-13	
102-4 Location of operations	9-13	
102-5 Ownership and legal form	9-13	
102-6 Markets served	10-13	
102-7 Scale of the organization	11-13	
102-8 Information on employees and other workers	43-52, 68-70	
102-9 Supply chain description	61-63	
102-10 Significant changes to the organization and its supply chain	61-63	
102-11 Precautionary Principle or approach	The ILPEA Group applies the principle of prudence in all its actions by carefully monitoring its activities.	
102-12 External initiatives	59-60	
102-13 Membership of associations	ILPEA is a member of the Italian Rubber Plastic Federation.	
Strategy		
102-14 Statement from senior decision-maker	4-6, 29-34	
Ethics and integrity		
102-16 Values, principles, standards, and norms of behavior	11,19-21	
Governance		
102-18 Governance structure	15-18	
Stakeholder engagement		
102- 40 List of stakeholder groups	28-29	
102-41 Collective bargaining agreements	46	
102-42 Identifying and selecting stakeholders	28-29	
102-43 Approach to stakeholder engagement	28-29	
102-44 Key topics and concerns raised	During 2021 no key concerns worth to be mentioned were identified.	

GRI standard and disclosure	Reference	Omission
Reporting practice		
102-45 Entities included in the consolidated financial statements	73-74	
102-46 Defining report content and topic boundaries	73-74	
102-47 List of material topics	26-27	
102-48 Restatements of information	73-74	
102-49 Changes in reporting	73-74	
102-50 Reporting period	73-74	
102-51 Date of most recent report	73-74	
102-52 Reporting cycle	73-74	
102-53 Contact point for questions regarding the report	73-74	
102-54 Claims of reporting in accordance with the GRI Standards	73-74	
102-55 GRI content index	75-81	
102-56 External assurance	This report has not been externally assured.	
Data protection & cybersecurity		
103-1, 103-2, 103-3	21-22	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	21-22	
Business ethics & integrity		
103-1, 103-2, 103-3	19-21	
419-1 Non-compliance with laws and regulations in the social and economic area	19-21	
205-2 Communication and training about anti-corruption policies and procedures	19-21	
205-3 Confirmed incidents of corruption and actions taken	19-21	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	19-21	
Sustainable logistics		
103-1, 103-2, 103-3	39	
The ILPEA Group has not identified a GRI topic specific indicator related to Sustainable Logistics. However, information compliant with GRI 103 is reported.		

GRI standard and disclosure	Reference	Omission
Waste management		
103-1, 103-2, 103-3	39-40	
306-1 Waste generation and significant waste-related impacts	39-40	
306-2 Management of significant waste-related impacts	39-40	
306-3 Waste generated	39-40	
Water management		
103-1, 103-2, 103-3	41-42	
303-1 Interactions with water as a shared resource	41-42	
303-2 Management of water discharge-related impacts	41-42	
303-3 Water withdrawal	41-42	
303-4 Water discharge	41-42	
303-5 Water consumption	41-42	
Climate change		
103-1, 103-2, 103-3	36-38	
305-1 Direct (Scope 1) GHG emissions	38	
305-2 Energy indirect (Scope 2) GHG emissions	38, 70-71	
Energy & emissions		
103-1, 103-2, 103-3	36-38	
302-1 Energy consumption within the organization	6-37	
Talent attraction & development		
103-1, 103-2, 103-3	49-51	
404-2 Programs for upgrading employee skills and transition assistance programs	49-50	
404-3 Percentage of employees receiving regular performance and career development reviews	50, 69	

GRI standard and disclosure	Reference	Omission
Diversity, equity & inclusion		
103-1, 103-2, 103-3	44-46	
405-1 Diversity of employees and governance bodies (in terms of age, gender, protected categories)	15, 44-46, 68-69	
406-1 Total number of incidents of discrimination and corrective actions taken	65	
Workplace health & safety		
403-1 Occupational health and safety	46-48	
403-2 Hazard identification, risk assessment, and incident investigation	46-48	
403-3 Occupational health services	46-48	
403-4 Worker participation, consultation, and communication	46-48	
403-6 Promotion of worker health	46-48	
403-5 Worker training on occupational health and safety	46-48	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46-48	
403-9 Work-related injuries	47, 70	
403-10 Work-related ill health	47	
Employee wellbeing & engagement		
103-1, 103-2, 103-3	51-52	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	51-52	
Customer satisfaction		
103-1, 103-2, 103-3	58-59	
The ILPEA Group has not identified a GRI topic specific indicator related to Customer Satisfaction. However, information compliant with GRI 103 is reported.		

GRI standard and disclosure	Reference	Omission
Community impact & development		
103-1, 103-2, 103-3	59-60	
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		
103-1, 103-2, 103-3	53-55	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	54	
Innovation & sustainable product development		
103-1, 103-2, 103-3	55-56	
<i>The ILPEA Group has not identified a GRI topic specific indicator related to Innovation & Sustainable Product Development. However, information compliant with GRI 103 is reported.</i>		
Sustainable packaging		
103-1, 103-2, 103-3	56	
301-1 Materials used by weight or volume		Information unavailable or incomplete: data is either unavailable or incomplete for the Group due to the lack of a formalized process to gather and organize such information. The Group ILPEA is working to establish a process to gather, aggregate and monitor data on materials used by weight or volume for next reporting years.

GRI standard and disclosure	Reference	Omission
Circular economy		
103-1, 103-2, 103-3 301-2 Recycled input materials used	55-56	Information unavailable or incomplete: data is either unavailable or incomplete for the Group due to the lack of a formalized process to gather and organize such information. The Group ILPEA is working to establish a process to gather, aggregate and monitor data on materials used by weight or volume for next reporting years.
Responsible sourcing		
103-1, 103-2, 103-3 308-1 New suppliers screened on environmental criteria	61-63 During 2021 no new suppliers were screened on environmental criteria	
414-1 New suppliers screened on social criteria	During 2021 no new suppliers were screened on social criteria	
Human rights		
103-1, 103-2, 103-3 412-2 Employee training on human rights policies or procedures	64-65 65	

An aerial photograph of a lush green forest. A winding river or stream flows through the center of the image, surrounded by dense trees. Mist or smoke rises from the forest floor in several places, creating a dreamy atmosphere. The colors are vibrant greens and blues.

2021 Sustainability Report
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