

2025 Sustainability Report

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Extruded aluminium intended for recycling
>

2025 Highlights

ENVIRONMENT



-13%

ENERGY CONSUMPTION

-12.5%

TOTAL GHG EMISSIONS
(Scope 1 and Scope 2 location-based)

95%

RENEWABLE ELECTRICITY

89.2%

WASTE RECOVERY RATE

SOCIAL



1500

TRAINING HOURS DELIVERED

95%

EMPLOYEES ON PERMANENT
CONTRACTS

ISO 45001

CERTIFICATION OBTAINED IN 2025

GOVERNANCE



0

CASES OF CORRUPTION

0

BREACHES OF LAWS
AND REGULATIONS

Letter to stakeholders

Dear Stakeholders,

Having taken up the post of Chief Executive Officer of Zato S.p.A. this year, I would like to address you through the pages of this Sustainability Report, a document that I regard not merely as a formality, but as an opportunity for transparent dialogue with those who share in our company's journey.

My first thought is one of gratitude for the journey that Zato has managed to build up over the years. For our company, sustainability is not a separate issue, but an integral part of our identity: we operate within the circular economy, designing and building plants that transform waste into a new resource. The work carried out over recent years, characterised by practical decisions, hard-won expertise and the support of those who have believed in it, has laid solid foundations, which I now take on with a sense of responsibility and a determination to build on them further.

It is my intention to continue along this path with renewed commitment, in the belief that the company's growth and its contribution to society and the environment can and must go hand in hand. We will therefore continue to report, through this report, on the activities that currently form part of our Sustainability Plan and those that will be included in it in the future.

This is a dynamic plan, systematically monitored, which takes into account the short, medium and long term simultaneously: both immediate objectives and the broader trajectories we wish to chart for the years ahead. It is this broad perspective that enables us to turn our commitments into measurable results and to report on them, year after year, with the clarity you deserve.

A journey of this magnitude cannot be undertaken alone. The contribution of each and every one of you, our staff, customers, suppliers, partners and the communities in which we operate, is an essential part of this project. Thank you for your trust, and I invite you to continue on this journey together, with the same determination.

Valerio Zanaglio
Chief Executive Officer
Zato S.p.A.

Valerio Zanaglio,
CEO of
Zato S.p.A.
>



01.

THE COMPANY

About us

Our history

The Zato system

The sustainability journey

Our commitment



About us

Zato was founded in 1999 and has deep roots in the sector; it is a company established to meet the specific needs of the industrial sector specialising in the recycling of ferrous and non-ferrous scrap, having refined its technologies and know-how over time to make a real difference.

For more than 25 years, it has been designing and manufacturing machinery and plant for the metal recovery and recycling industry.

Zato's machinery and plant play a strategic role in the recycling supply chain: they transform end-of-life materials into secondary raw materials that can be immediately put to good use on the market. For the customer, this means immediate profitability and value creation. For the supply chain, this means that a key link in the industrial recycling process is working – and working well.

In technical terms, ISO 59000:2024 defines the circular economy as a system that maintains a circular flow of resources, recovering and conserving them whilst increasing their value. Zato is part of that flow, every day, at the point where value becomes tangible once more.

For example: steel and aluminium are both 100% recyclable, an infinite number of times, without losing any of their original properties. They are not consumed; they are transformed.

This is the concept of a permanent material, and it represents one of the most effective responses to the pressure on primary resources. It is no coincidence that steel is now the most recycled material in the world.

Zato provides a practical solution to this market need and makes it a reality.

PRODUCTS

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

APPLICATIONS

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

52

EMPLOYEES

HEADQUARTERS
Prevalle, Brescia
ITALY

4

EMPLOYEES

USA Headquarters
Hebron, Kentucky
UNITED STATES

43.6

MILLION EUROS
CONSOLIDATED TURNOVER 2025

Our history

1999

Production and sale of demolition sheers on the Italian market starts. **First twin shaft shredder design.**

2000

Demolition shears and other equipment begin to be exported to Europe.

2001

Industrial range of twin shaft shredders launches. The first one is sold in Italy.

2004

The study and development of sorting plants for the cleaning, selection and enhancement of metals begins.

2007

As a manufacturer of equipment and shears, Zato has become a **key player in the industrial recycling sector**, consolidating its presence on the Italian and European markets.

2010

The industrial project expands with a range of hammer mills that completes the range of recycling machinery and systems.

2011

The range of hammer mills expands with new models designed to meet requirements on different scales.

2017

Zato consolidates its position in international markets and expanding into **new strategic areas: Asia and the United States.**

2018

Remote production data measurement and management technologies come into play, with the adoption of **AR and Industry 4.0 solutions.**

2020

Design and construction of the single shaft shredder. The range of twin-shaft shredders expands with a new model designed for lighter-duty applications.

2021

Zato opens its **Atlanta office** in the USA, marking the start of a systematic approach to the American market.

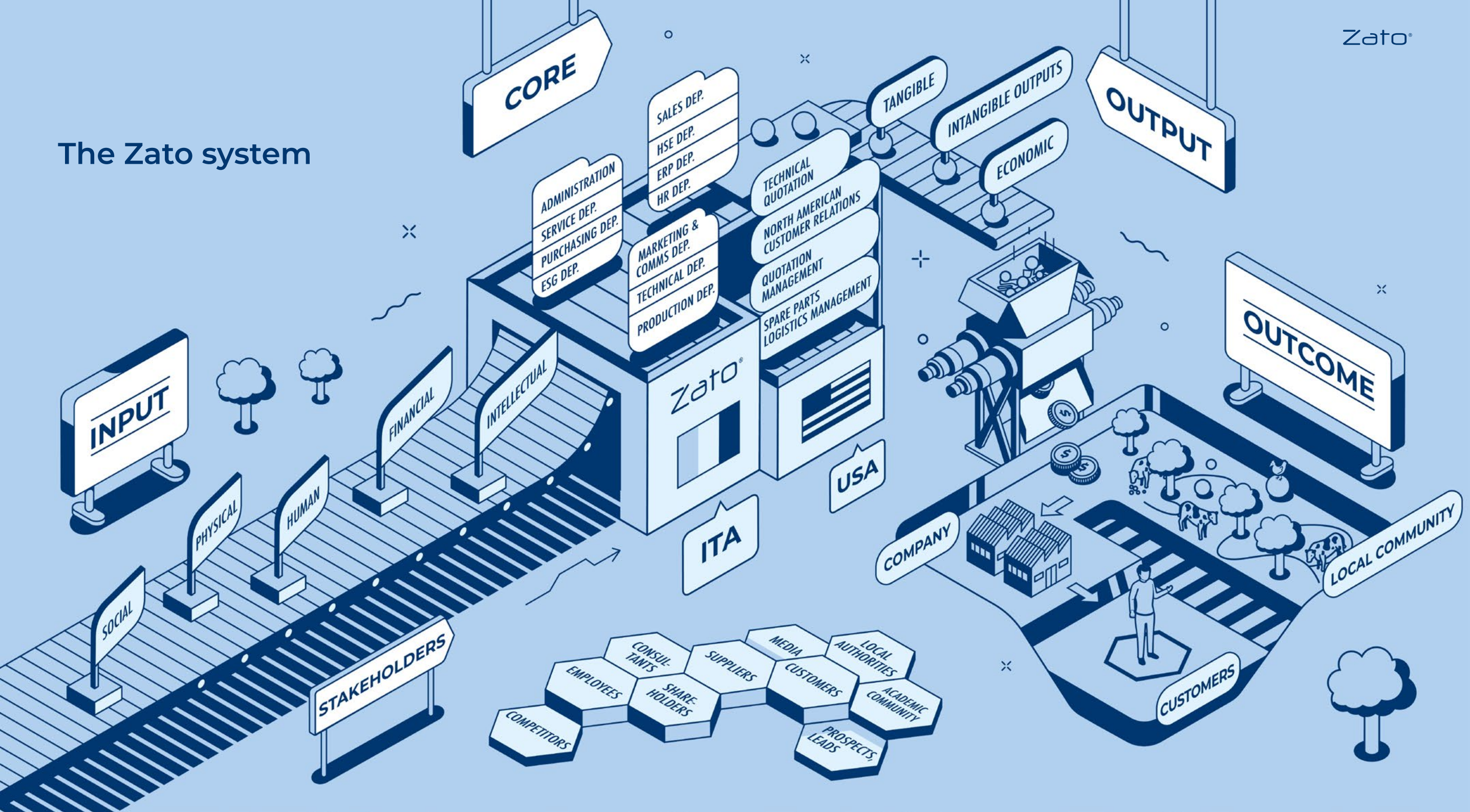
2022

The **Private Equity LBO France** fund acquires a stake in Zato.

2025

LBO France sells its shares and **Abenex Capital** acquires a stake in the company, marking the start of a **new chapter in the industrial history** of Zato.

The Zato system





The sustainability journey

From values to commitments: the Strategic Sustainability Plan

Zato regards sustainability as a cornerstone of its strategy and a constant commitment to building a responsible business model. Over the years, it has demonstrated a particular focus on ESG principles, embarking on a process aimed at integrating them to an ever-greater extent into its decision-making processes and operational activities. This commitment has resulted in numerous initiatives and projects developed over time, aimed at creating shared value for the community, the environment and all stakeholders.

This vision has been further reinforced through the development of the 2024–2028 Strategic Sustainability Plan, which has enabled Zato to formalise its long-term strategy for sustainable development. The Plan sets out specific short-,

medium- and long-term actions relating to the key sustainability topics material to the company. The process of drawing up the Sustainability Plan involved the company's key departments and began with the definition of the strategic pillars and sustainability macro-objectives. Subsequently, for each macro-objective, the following aspects were defined: operational objectives; initiatives to be undertaken to achieve them; the time-frame within which each initiative is expected to be implemented; and KPIs to monitor the achievement of the defined targets and progress.

To support this approach, Zato has adopted a structured project management model, designed to ensure constant oversight of initiatives, traceability

of results and continuous alignment between strategic objectives and day-to-day operations. This model also enables a systematic review of the actions taken, thereby strengthening the ability to respond promptly to internal and external changes.

Through this framework, the Sustainability Plan serves as a key management tool, capable of translating ESG commitments into practical and measurable actions, ensuring consistency between the strategic vision and operational implementation, in line with the approach required by the ESRS standards, which call for clear integration between strategy, actions, objectives and monitoring systems.

Shipwreck, cut
with a Cayman
R120 shear
>



Our commitment

A business model geared towards the circular economy

For Zato, the circular economy is the principle that underpins its industrial system. The technologies it develops are designed to transform scrap metal into new raw materials and return them to the production cycle, making a tangible and measurable contribution to the circular economy of recycling.

This approach is reflected in specific decisions:

- **To constantly innovate** our products, seeking, right from the design stage, solutions that minimise waste generation and the final stages of disposal;
- **To incorporate** features into the design of our products that ensure they can be repaired, reused and recycled;
- **To promote** synergistic and strategic relationships throughout our value chain, with a view to supporting innovation within a circular economy framework and creating value through the development of new markets.

Commitment to sustainable social practices and transparency

For Zato, the social dimension of sustainability begins with relationships: the people who work at the company every day, customers, suppliers and institutions; fairness, transparency and respect are not merely stated principles, but the very way in which we work.

This approach does not remain within the organisation's boundaries. Zato carries this ethos throughout its entire ecosystem, in both operational and institutional relationships, helping to build a culture of responsibility that is valuable precisely because it extends beyond its own sphere; supporting communities and associations is a way for it to make a contribution in external spheres and foster engagement.

Reporting is the third aspect of this commitment. Clearly documenting ESG initiatives, objectives and results is not a mere formality: it is how Zato holds itself to account for its actions and is accountable to all its stakeholders. In the knowledge that the journey is not yet over. That there is room for improvement. And acknowledging this openly is already part of the method.

Our commitment

Some elements of the Strategic Sustainability Plan

Environmental
responsibility

Social
responsibility
towards
employees and
contractors

Social
responsibility
towards the
community and
the value chain

Responsibility
in supply chain
management

Governance

02.

ESRS 2 General and cross-cutting disclosures

BP-1	General criteria for drawing up the sustainability statement
BP-2	Information regarding specific circumstances
GOV 1	Role of administrative, management, and supervisory bodies in overseeing ESG topics
GOV 2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
GOV 3	Integration of sustainability-related performance in incentive schemes
GOV 4	Sustainability due diligence
GOV 5	Risk management and internal controls over ESG reporting

This section provides the general and cross-cutting disclosures required by the European Sustainability Reporting Standards (ESRS), with the aim of ensuring a clear, consistent and comprehensive presentation of the sustainability management framework adopted by Zato.

In particular, this section describes the methodological principles used in drawing up the sustainability statement, the governance framework for ESG topics,

SBM-1	Strategy, business model and value chain: Zato – a 360° approach to sustainability. Every product plays its part. Digital services. Our markets. The value chain
SBM-2	Stakeholders' interests and views
SBM-3	Material impacts, risks, and opportunities and their interaction with the strategy and business model
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability report
MDR-P	Policies and procedures

the integration of sustainability into business processes, and the mechanisms for identifying, assessing and managing impacts, risks and opportunities (IRO).

The information provided here serves as a framework for understanding the subsequent thematic sections (Environment, Social and Governance), ensuring consistency between strategy, business model and sustainability performance.



BP-1

General criteria for drawing up the sustainability statement

Reference framework

This consolidated sustainability report (hereinafter also referred to as the 'Report' or "Sustainability Statement") has been drawn up on a voluntary basis by Zato S.p.A. and Zato North America (hereinafter also referred to as "Zato"), using the European Sustainability Reporting Standards (ESRS), introduced by the European Financial Reporting Advisory Group (EFRAG), as the primary methodological framework, in accordance with Directive (EU) 2022/2464 (CSRD), transposed into Italian law by Legislative Decree 125/2024.

The ESRS are a set of standards developed to guide organisations in reporting sustainability-related information. Their introduction has led to a more comprehensive impact assessment process, designed to ensure greater comparability of the information published on this subject.

The specific aim is to establish a common framework that enables the comparison of sustainability performance across different companies and sectors, thereby facilitating more informed decisions by investors and consumers.

Although not required to do so by law, Zato has chosen to adopt these measures ahead of schedule in order to enhance the transparency of its ESG practices.

For the purposes of analysing sector-specific topics and defining certain entity-specific content, Zato has also taken into account international best practice and sector-specific guidance developed within the framework of the ISSB/SASB standards, with particular reference to the SASB Industrial Machinery & Goods (RT-IG) standard, which is considered consistent with the company's business model. This standard identifies disclosure topics and sector-specific metrics relating, amongst other things, to energy management, workforce health and safety, emissions during use, material

sourcing and remanufacturing. The use of this framework does not replace the ESRS framework, but complements it, in line with EFRAG's guidance, to support the presentation of risks, opportunities and sustainability issues material to the sector in question and for any entity-specific disclosures.

Scope of reporting

This Sustainability Statement covers the period from 1 January 2025 to 31 December 2025. The scope of the social, environmental and governance data and information corresponds to the scope of the financial statement data and comprises Zato S.p.A. and Zato North America.

Information on the value chain

In defining and drafting this document, all stakeholders in the value chain relevant to Zato were taken into account to the extent necessary to report material impacts, risks and opportunities in ac-

cordance with the European Sustainability Reporting Standards (ESRS). In particular, as set out in paragraph SBM-3, the dual-impact analysis examined the impacts, risks and opportunities relating to the organisation's own operations and the value chain, both upstream and downstream.

Zato S.p.A. headquarters in
Prevalle, Brescia
>





BP-2

Information regarding specific circumstances

Rebar
in bales
<

Time horizons

The time horizons considered in this report are consistent with those adopted in the financial statements. Specifically, the short term corresponds to a one-year horizon, which is the same as the financial reporting period; the medium term covers the subsequent period, up to five years; whilst the long term is defined as a period exceeding five years.

Use of estimates

Zato assesses the use of estimates based on experience, developments in ESG reporting and a number of other factors. Furthermore, it makes assessments when applying the accounting standards. Where metrics are based on estimates, secondary sources or reasoned approximations have been used; in such cases, details of the methodology adopted are provided at the bottom of the relevant figure included in the reference section. The estimated accuracy and the measures planned to improve it in the coming financial years are set out in the relevant chapters. It is also made clear

when the metrics are subject to a high degree of uncertainty. This Sustainability Report does not include metrics relating to the upstream and/or downstream value chain, estimated on the basis of indirect sources.

Errors and corrections in relation to previous periods

In accordance with the provisions of the ESRS standards, it also presents comparative figures for the previous financial year in respect of the quantitative metrics and amounts reported, thereby ensuring the reliability and comparability of the information. Where relevant, comparative information has also been provided in the descriptive notes.

Disclosures required by other legislation or generally accepted sustainability reporting standards

For a reconciliation between the disclosures set out in this Report and the requirements of other regulations containing obligations to disclose sustainability information, please refer to paragraph

IRO-2 – disclosure requirements of the ESRS covered by the company's Sustainability Statement.

Accounting assumptions and approximations

The key accounting assumptions and estimates used in the preparation of the sustainability data are consistent with those in the financial statements, and are detailed, where relevant, within the specific sections.

External audit and data verification

This Sustainability Statement has not been audited by independent external bodies.

GOV-1

The role of the administrative, management and supervisory bodies in overseeing ESG topics

Composition and role of the administrative, management and supervisory bodies

Board of Directors

The Board of Directors, which is responsible for the key functions of setting strategic direction and overseeing the management of the company. The Board consists of five members: Valerio Zanaglio serves as Chairman and Chief Executive Officer, whilst Antonio Catalli, Jacopo Asinari Di Bernezzo, Olivier Moatti and Paolo Zola are non-executive directors.

As at the reporting date, the body comprises exclusively male members and does not include any direct representatives of employees or other workers. However, the company ensures staff engagement through structured channels for consultation and dialogue, such as regular meetings with department heads, internal consultation sessions and top-down communication tools, thereby ensuring that employees' interests are taken into account in strategic decision-making processes.

Role	Name	Gender	Executive / non-executive	Independent / non-independent
Director	Antonio Catalli	Male	Non-executive	Non-independent
Director	Jacopo Asinari Di Bernezzo	Male	Non-executive	Non-independent
Director	Olivier Moatti	Male	Non-executive	Non-independent
Chairman	Valerio Zanaglio	Male	Executive	Non-independent
Director	Paolo Zola	Male	Non-executive	Non-independent

Duties of the Board Of Directors

The Board of Directors, which is responsible for the company's strategic management, monitors and oversees progress on strategy execution and the achievement of the sustainability objectives.

The Board of Directors regularly receives updates on the progress of the sustainability objectives outlined in the relevant plan, the results achieved and all relevant information that can influence sustainability-related decisions.

Board of Statutory Auditors

Zato's governance structure is complemented by a Board of Statutory Auditors, chaired by Guido Prati and comprising the standing auditors Paola Marzetta and Vincenzo Cantelli, and the alternate auditors Riccardo Maffi and Marco Moretta. The Board of Statutory Auditors is responsible for monitoring compliance

with the law and the Articles of Association, as well as the adequacy of the company's organisational, administrative and accounting structure.

The statutory audit of the company's accounts is carried out by the audit firm EY S.p.A.

Supervisory Board

In accordance with Legislative Decree No. 231/2001, the company has appointed a Supervisory Board (SB), represented by lawyer Enrico Di Fiorino, who is responsible for overseeing the effective implementation of and compliance with the Organisation, Management and Control Model adopted by the company.

Employees and anyone acting on behalf of the company may contact the Supervisory Board to make reports or request clarification, including anonymously, via the dedicated email address: odv@zato.it.

ESG Committee

Zato’s ESG committee is a multidisciplinary group that enables the company to address environmental, social and economic topics in an integrated manner, ensuring consistency with European standards (CSRD and ESRS) and with the expectations of key stakeholders. The Committee brings together complementary areas of expertise, which are essential for managing the complexity of the impacts and opportunities associated with sustainability. It comprises Wilma Zanaglio (Marketing Manager and In-house IT Manager), Hanan Belmoujoud (Marketing Specialist), Fausto Zanotti (Quality and Safety Officer), Marzia Seniga (Buyer) and Alessandra Bresciani (ESG Manager), who is responsible for sustainability within the company. The members of the ESG committee are responsible for the operational management of sustainability within the company, supported by an external consultant since 2022. In particular, the Team, which is directly involved in all decisions related to sustainability:

- oversees activities aimed at achieving the objectives;

- oversees the approval and implementation of the portfolio of sustainability priorities and objectives.

The Committee is supported, when necessary, by managers from other company departments, who are involved in achieving specific sustainability-related goals and contribute to the development and implementation of the Plan within their areas of responsibility.

Responsibilities and oversight in the area of sustainability

Oversight of ESG impacts, risks and opportunities (IRO) is the responsibility of the Board of Directors, which retains ultimate responsibility for strategic direction and the integration of sustainability factors into the company’s decision-making processes.

The ESG Committee, coordinated by the ESG Manager, supports this work. The ESG Manager, drawing on their expertise in sustainability and sustainability reporting, coordinates the activities of the ESG Committee and helps to ensure alignment between the strategic directions set by the governing bodies and

the monitoring and management of ESG topics within the organisation.

The ESG Committee supports the Board of Directors in analysing and monitoring the impacts, risks and opportunities identified through the dual materiality analysis process, contributing to the gathering of information, the monitoring of sustainability targets and the development of the company’s ESG initiatives. These activities are further strengthened by the contribution of in-house representatives and specialist external consultants, who support the organisation in data collection and analysis, reporting and the development of sustainability processes, thereby contributing to the continuous improvement of the company’s environmental, social and governance performance.

To support the company’s vision and strategy, which is integrated with sustainability, the Board of Directors also promotes the strengthening of ESG expertise within the organisation and the continuous updating of knowledge on environmental, social and governance topics.

Zato
ESG Board
>



GOV-2

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

During the financial year, sustainability topics are the subject of regular reporting to the administrative, management and supervisory bodies. In particular, a formal update is to be provided at least once a year, with the aim of giving an overview of ESG initiatives, the results achieved and future objectives.

Responsibility for the collection, processing and transmission of information lies with the ESG Manager, who coordinates the flow of information and ensures that the content shared is consistent and up to date.

These meetings are complemented by more ongoing monitoring: members of the Board of Directors are, in fact, kept

informed on a monthly basis of the progress of the main ESG projects, through operational updates that enable constant oversight of the initiatives under way.

The Board also has direct access to relevant information contained within the Sustainability Plan's project management system, which is structured by business function and organised in line with the identified material topics; it may, at any time, request further details and updates on the progress of activities and on the defined objectives.

This makes it possible to complement formal reporting with a constant flow of information, in support of decision-making and strategic planning.

GOV-3

Integrating sustainability into incentive schemes

The company is progressively integrating sustainability principles into its incentive schemes and human resources management policies, with the aim of aligning organisational behaviour and individual performance with its sustainability objectives.

In this context, it has developed a Total Reward system that includes variable incentive schemes aimed at both management and staff, based on team and individual bonuses. The incentive schemes provide for variable components of remuneration linked to the achievement of performance targets set annually.

These objectives include not only financial and operational results but also criteria relating to sustainability, with a view to promoting the integration of ESG factors into decision-making and management processes.

The company structures its incentive schemes both at an in-

dividual level, based on the performance of individual staff members or managers, and at a team level, to strengthen collaboration between the various departments and encourage the achievement of shared objectives. Sustainability criteria form a qualitative component of the performance assessment used to determine the payment of the variable bonuses provided for under the Total Reward scheme.

In this way, 10% of variable remuneration is linked to the achievement of targets consistent with the organisation's sustainability commitments.

The integration of ESG criteria into incentive schemes helps to strengthen the alignment between the sustainability strategy defined by the governing bodies and organisational behaviour, promoting a corporate culture focused on responsibility, continuous improvement and the creation of long-term value.

GOV-4

Sustainability due diligence

The company recognises the importance of due diligence and is committed to progressively strengthening its management of the negative impacts identified in its own activities and throughout its value chain.

With this in mind, it has already launched a series of initiatives aimed at preventing and mitigating impacts, with the aim of developing a robust and sustainable due diligence process capable of creating long-term value for the organisation and its stakeholders, as well as ensuring progressive alignment with international best practice in the field of sustainability.

The following table sets out details of the initiatives already undertaken.

Key elements of sustainability due diligence	Sections in the sustainability report	Page
a) Integration of due diligence into governance, strategy and the business model	ESRS 2- GOV-2	20
	ESRS 2- SBM-3	29
b) Involvement of stakeholders at all key stages of the due diligence process	ESRS 2- GOV-2	20
	ESRS 2- SBM-2	28
	ESRS 2- IRO-1	33
c) Identification and assessment of adverse impacts	ESRS 2- SBM-3	29
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d) Measures to address these negative impacts	E1-3	41
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GOV-5

Risk management and internal control over ESG reporting

Internal control system for ESG reporting

Legislative Decree 125/2024, which transposes Directive (EU) 2022/2464 on corporate sustainability reporting, requires companies to adopt internal control and risk management systems that also apply to the ESG reporting process, in the same way as for financial reporting. These systems are designed to ensure the completeness, accuracy and reliability of the data reported, minimising the risk of errors or inconsistencies and ensuring the traceability of the information used.

To this end, Zato has implemented an in-house data management platform through which company data, including data relating to environmental, social and governance issues, is collected, managed and monitored in a structured manner. The platform enables the centralisation of information from various business functions and the maintenance of continuous ESG data records, facilitating the traceability of information sources, data quality control and the regular

monitoring of sustainability indicators.

The system also enables the alignment between the sustainability objectives set by the company and the results achieved to be assessed over time, thereby supporting the monitoring of the effectiveness of the strategies and initiatives undertaken.

The final sustainability report, together with the key stages of the due diligence process and the information gathered through internal control systems, is submitted to the Board of Directors for approval. The Board oversees the reliability and consistency of the information published, ensuring compliance with the applicable reporting standards.

SBM-1

Strategy, business model and value chain

Zato operates in the sector of technologies for the recycling and recovery of materials, with a business model that is intrinsically aligned with the principles of the circular economy. It designs and manufactures machinery and plant for the processing of ferrous and non-ferrous metals, helping to maximise the value of resources and reduce dependence on virgin raw materials. Zato's business model spans the entire value chain, from design through to after-sales, and is based on a high level of integration between the various business functions.

The main activities include:

- **Design and development:** in-house engineering of machinery and plant, with a particular focus on durability, efficiency and safety;
- **Procurement:** supply chain management through approved suppliers of mechanical, hydraulic and electronic components;
- **Manufacturing and assembly:** production of the systems at our main production site;
- **Logistics and installation:** delivery and commissioning at customer sites worldwide;
- **After-sales services:** maintenance, technical support and the supply of spare parts.

This model enables us to maintain direct oversight of key processes and to ensure high quality standards throughout the entire product lifecycle.

Zato: a 360° approach to sustainability

Design

At Zato, we foster innovation in machine design, component development and material selection, with the aim of:

- 1 Using recycled and recyclable products wherever possible
- 2 Ensuring products remain in good condition over time (life extension): our products are built to last. The design phase is crucial for anticipating and facilitating maintenance, component replacement, function updates and aesthetic restyling.

Digitalisation

We use specific software to rapidly elaborate data and information arriving from all installed machinery, thus providing our customers and service partners with effective, efficient and sustainable support for maintenance activities.

Resource recovery, reuse and recycling

A key element of Zato's circular economy approach is the collection of products at the end of their life cycle, allowing them to be reused after thorough inspection and repair.

Products and services

From the moment of their conception, we seek to make our products widely available by offering them at more affordable prices than traditional technologies, thanks to innovative designs and the adoption of advanced technologies, so that metal recovery and recycling activities become increasingly widespread and affordable.

The intrinsic and extrinsic sustainability of our work

The sector in which Zato operates is, by definition, sustainable. Turning scrap metal into new raw materials is the very essence of the circular economy: a tangible reality that is renewed with every production cycle

In this system, the metal undergoes a cycle of perpetual transformation. Every tonne recycled is a raw material that remains available indefinitely, whilst retaining its original properties intact. It is a strategic reserve that has already been extracted and is in circulation, capable of regenerating itself without placing a strain on the planet's natural resources

True sustainability is that which is also viable from an economic and financial perspective. Recycling metals is not just the right choice for the environment: it is also a sound business decision. Reducing energy consumption, making the most of separated fractions, and short-

ening smelting cycles – all of this translates into real profit margins for those operating within the supply chain.

It is this balance between environmental value and economic value that makes the circular model the only one capable of underpinning long-term industrial governance.

Zato is working to scale up this system to an industrial level.

Making one's technologies accessible to ever-wider market segments represents a development that goes beyond commercial growth: every new operator that adopts industry standards becomes a vital link in the circular chain.

It is a strategic initiative that makes a tangible contribution to the transformation of a sector capable of recycling billions of tonnes of material every year.

Aluminium profiles
in bales
>



More machines, one process. Making better use of waste materials

Ferrous scrap, having reached the end of its life cycle, is turned back into steel by melting it in an electric arc furnace. Therefore, the quality of the incoming scrap is the most critical factor in the entire process, in terms of energy efficiency, the quality of the steel produced and the emissions generated.

This is precisely where Zato comes in. Its machines process scrap metal to meet the specific requirements of those working in the foundry and recycling industries, transforming raw and inconsistent material into a ready-to-use, clean and value-added secondary raw material.

This process consists of two key stages: **size reduction** brings the scrap to the correct size; it facilitates smelting, protects the furnace from damage, optimises the charge and improves energy efficiency. Faster cycles, fewer machine stoppages, less waste. **The cleaning and separation of the various fractions** according to their chemical properties removes impurities — tin, plastics, organic compounds — which, if present, increase electricity consumption, impair the quality of the casting and increase atmospheric emissions.

But **separating waste streams** is not just about cleaning up: **it is about making the most of it.** Materials which, when mixed together, are of little value, but which, when separated, become distinct fractions that can be certified and sold under radically different market conditions. It is at this point that scrap preparation ceases to be an operating cost and becomes a tangible economic advantage for the customer.

The value generated by Zato machines is therefore twofold: higher-quality raw materials going into the furnace, and a more efficient and less environmentally damaging smelting process at the other end.

Cayman

Cayman demolition shears are used for reducing the volume and demolishing materials; they are capable of processing scrap of various sizes and origins. Their applications range from cutting bars and rails to dismantling large, bulky scrap materials from ships, bridges and buildings etc. They are the first step in the reduction and processing of bulky materials.

BlueDevil

Blue Devil twin-shaft shredders effectively process medium-to-light-weight ferrous and non-ferrous scrap. An icon of Zato's industrial history, this machine is distinguished by its smart and powerful technology, designed for heavy-duty operation and to maximise the value of the processed material. Ideal for processing mixed scrap, cars and other collected materials, the Blue Devil machine pursues a dual goal: to reduce the volume of the material and to optimise it for the subsequent crushing and sorting stages.

BlueShark

Zato's Blue Shark range of hammer mills is engineered to ensure top performance in metal crushing, delivering maximum efficiency in volume reduction. Efficiency and a compact design are features that minimise the space required for installation; Blue Shark mills offer a versatile solution to the sector's diverse needs. Their performance is enhanced by a downstream sorting plant that completes the material recovery process.

BlueStorm

Single-shaft industrial shredders are designed to reduce ferrous and aluminium materials. Perfect for those who need to process light scrap, these machines provide precise sizing thanks to the screen installed inside the grinding chamber.

BlueSorter

Blue Sorter separation plants play a crucial role in completing the scrap recovery process, following the shredding and crushing phases. Their task is to remove impurities and separate different raw material fractions, thus significantly improving the quality of the final product.

Systems designed to last, with support tailored to see them through

Comprehensive support throughout the plant's entire life cycle

Zato supports its customers through Zato Service, a comprehensive service package covering all operational stages: from initial commissioning – planning, installation, set-up and operator training – right through to the day-to-day management of the plant.

Corrective support and preventative maintenance

The service guarantees an initial technical response within a few minutes of a report being made, with the issue resolved remotely in 90% of cases. Preventative maintenance is based on the continuous monitoring of actual operating parameters, enabling faults to be anticipated and maintenance work to be planned in advance.

Genuine spare parts and component reconditioning

Zato ensures the availability of certified original spare parts through a global network of warehouses, supported by a service for the reconditioning of worn components in accordance with the manufacturer's specifications.

A global technical team, trained in-house

Zato's technicians, who are trained in-house on every machine model, operate in around 60 countries with multilingual support, ensuring operational continuity and prompt assistance worldwide.

Digital service monitoring and performance

Integrated digital systems continuously transmit critical plant parameters: protection logic, energy trends and duty cycles. The 19-inch LCD monitor brings everything together on a single screen, ensuring the flow of information required by Industry 4.0. This digital infrastructure forms the operational backbone of the Zato global service; all data collected contributes to the continuous improvement of the plant's performance and operational life.

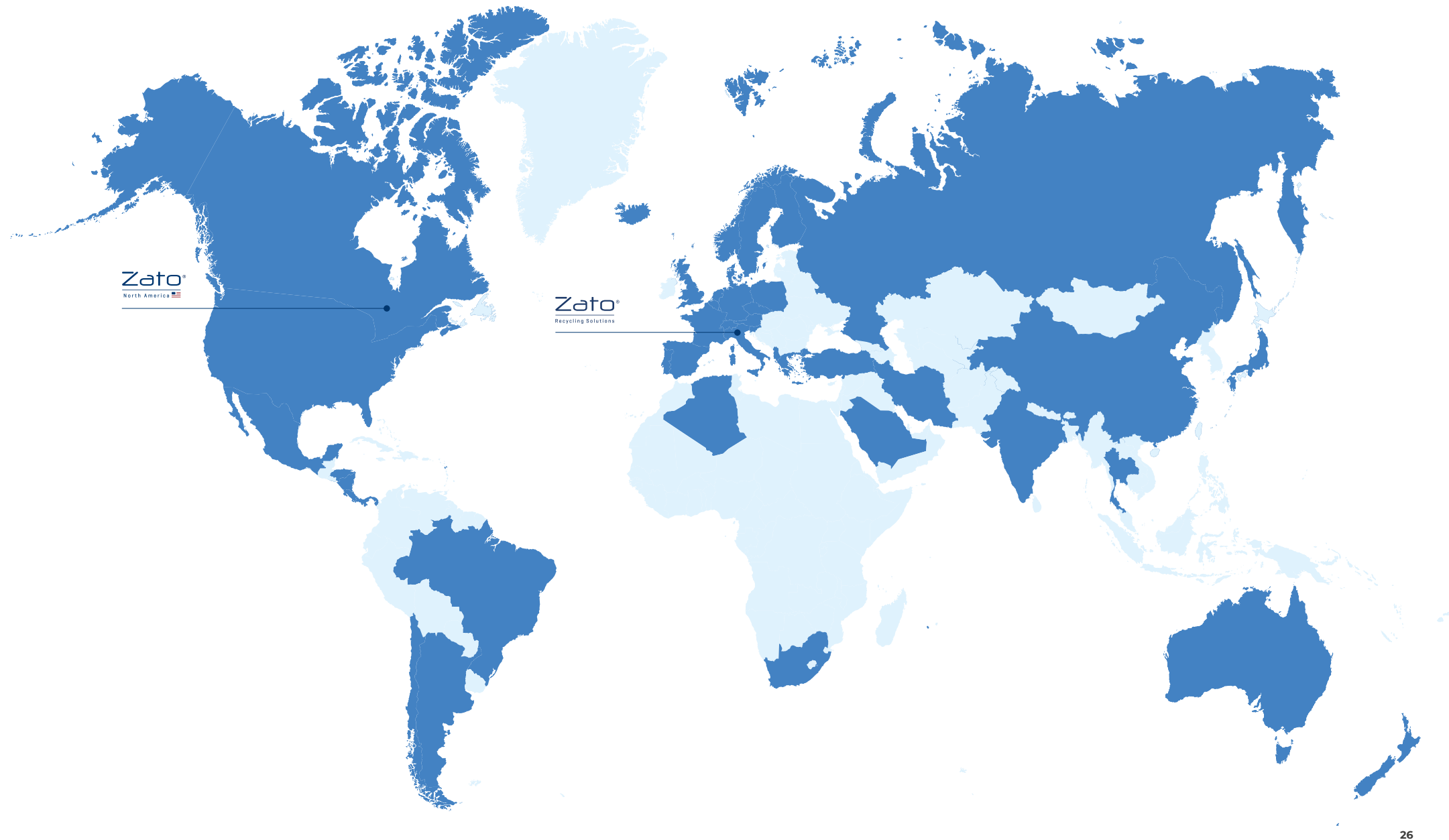
Our markets

Sales markets

Zato operates internationally, with a commercial presence in over 50 countries. Sales activities are spread across key geographical areas, including Europe, Latin America, North America, the Middle East, North Africa and South Africa, as well as Asia and Oceania, reflecting a global and diversified presence.

Supply markets

The company's procurement is mainly concentrated in Italy, which accounts for around 70% of the total, whilst the remaining 30% is sourced from overseas suppliers.



The value chain

The mapping of Zato’s value chain is the result of an ongoing process of analysis. In particular, an analysis of the impacts, risks and opportunities (IRO) relating to the value chain was carried out. This section has provided an understanding of the economic, social and environmental impacts of the company’s activities, offering a comprehensive and detailed overview.

Upstream (E1, E4, E5, S3)	Own operations (E5, S1)	Downstream (E1, E5, S4)
Indirect suppliers (Tier 3–4): raw materials and semi-finished products	Design and technological innovation	Transport and distribution of machinery (Logistics managed by third-party operators)
Direct suppliers (Tier 1–2): components, products and services	Production and assembly of machinery	Customer-site installations
Technical and logistical service providers	Sales and commercial management	Service, maintenance and technical support
Inbound logistics (Italy / EU / non-EU)	Support functions: quality, safety, HR, administration, marketing, IT	End customers (in Italy and abroad)
Engagement with Affected Communities	-	-

G1 IMPACTS

Various key stakeholders also interact along the value chain, including employees, suppliers, customers and prospective customers, consultants, shareholders, institutions, local authorities, the media and the academic world.

It should be noted that the company does not operate in the sectors listed in ESRS 2 SBM-1, point 40 d, and therefore does not generate revenue from activities relating to: fossil fuels (coal, oil and gas), including exploration, extraction, production, processing, storage, refining, distribution, transport or trade; the manufacture of chemical products, as described in Division 20.2 of Annex I to Regulation (EC) No 1893/2006; the production of controversial weapons, including anti-personnel mines, cluster munitions, and chemical and biological weapons; and the cultivation and production of tobacco.

Mixed
scrap
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SBM-2

Stakeholders’ interests and views

Zato recognises stakeholders as key elements of its business model and of long-term value creation. Zato’s stakeholders include internal and external parties who influence or are influenced by its activities, including employees, customers, suppliers, local communities, institutions, partners and other relevant players along the value chain. Each category of stakeholder has different needs, expectations and levels of involvement. Interactions with these parties can have positive or negative impacts along the value chain; for this reason, the company adopts an approach aimed at proactively identifying and managing the risks and opportunities arising from dialogue with its stakeholders.

During 2025, as part of the double materiality analysis process, Zato developed a structured stakeholder engagement process, which began with the mapping of the main stakeholder categories and the creation of a structured register of relevant parties. Subsequently, it engaged stakeholders by distributing multilingual questionnaires, designed to take into account the stakeholders’ roles,

skills and level of knowledge regarding the various ESG topics. To this end, several versions of the questionnaire have been drawn up, tailored to different stakeholder categories and areas of expertise. This approach has made it possible to gather targeted and high-quality contributions, thereby improving the representativeness and reliability of the information collected.

The findings from the stakeholder engagement process were used to guide the definition of Zato’s strategic priorities and to support the integration of sustainability into the company’s decision-making processes. In addition to the due diligence questionnaire, the company is committed to maintaining an ongoing and dynamic dialogue with its key stakeholders, highlighting the specific characteristics of each group through engagement tools and communication channels tailored to their needs. Set out below are the main categories of stakeholders identified and the additional engagement methods adopted.

Stakeholder category	Purpose of involvement	Operating	Value generated
Employees and contractors	Understanding internal needs, improving the working atmosphere, developing skills	Internal communication, regular meetings, training	Greater engagement, skills development, organisational continuity
Customers (domestic and international)	Improving the quality of products and services and understanding market needs	Business relations, technical support, after-sales feedback	Customer loyalty, product improvement, competitive advantage
Suppliers and partners	Ensuring business continuity and supply chain quality, and integrating ESG criteria	Operational interactions, supplier assessments, contractual relationships	Supply chain reliability, reduction of operational risks, improvement in sustainability
Local communities	Monitoring the impact on the local area and fostering positive relationships	Local initiatives, institutional communication, social projects	Strengthening reputation, social acceptance and local value
Trade associations and industry networks	To contribute to the development of the sector and share best practice	Membership of associations	Innovation, strategic positioning, networking
Institutions and regulatory authorities	Ensuring regulatory compliance and alignment with public policy	Official communications, regulatory compliance, institutional dialogue	Reduction of legal risks, compliance, operational stability
Academic world and scientific community	Supporting research, innovation and technical analysis	Collaborations, studies and projects with research organisations	Access to specialist expertise, innovation and knowledge development
Consultants	Supporting the development of corporate strategy, the improvement of management systems and communication	Specialist consultancy services, project support, audits and operational support	Adoption of best practice, improved regulatory compliance, and strengthening of processes and transparency



SBM-3

Material impacts, risks, and opportunities and their interaction with the strategy and business model

The double materiality analysis was launched in 2024 and forms a key part of the process of integrating ESG factors into our corporate strategy. In 2025, the company continued along this path, consolidating and updating its assessment of material impacts, risks and opportunities (IRO)

During the financial year, Zato extended its analysis to the consolidated level, with the aim of providing a more comprehensive and representative overview of the impacts across its entire operational scope. In this context, the assessment was structured by distinguishing the impacts along the value chain, breaking them down into upstream, in-house and downstream stages, in order to provide a more precise picture of the various areas where these impacts arise.

This approach has made it possible to strengthen the robustness of the analysis and improve understanding of ESG dynamics at an international level, ensuring methodological consistency and

greater alignment across the Group's various entities. Compared with the previous year, the company has also improved its process for gathering and analysing information, partly thanks to the structured involvement of stakeholders, thereby making the assessment of material topics more robust.

The tables below list the sustainability-related impacts, risks and opportunities (IROs) that have been identified and assessed as material following the double materiality analysis process. Each table includes brief descriptions of the impacts and material risks and opportunities. Further information on the actions taken in response to these impacts and risks is provided at the start of the relevant thematic sections.

For each material topic, the relevant sub-topics, the nature of the impacts, risks and opportunities, and their position along the value chain are also specified.

Electric
mopeds
<

Sub-topic	Impacts / risks / opportunities	Current / potential	Own operations (oo)/ upstream (us) / downstream (ds)	Description
E1- CLIMATE CHANGE				
Climate change mitigation	NEG impact	Current	DS	Contribution to climate change due to greenhouse gas emissions – inbound/outbound logistics transport
Climate change mitigation	NEG impact	Current	US	Contribution to climate change due to greenhouse gas emissions – procurement of materials
Climate change mitigation	POS Impact	Current	DS	Contribution to the transition to a low-carbon and circular economy through the development of technological solutions that improve energy efficiency
Climate change mitigation	Opportunity	-	OO	Opportunities for growth in market demand for recycling and material recovery technologies, driven by the transition to a circular economy and decarbonisation policies.
Climate change mitigation	Opportunity	-	OO	Opportunities for innovation and adaptation of the product range through investment in products, processes and supply chains in line with regulatory and market requirements regarding sustainability.
E4 – BIODIVERSITY AND ECOSYSTEMS				
Direct impact on biodiversity loss: Direct exploitation	NEG impact	Current	US	Indirect impacts on ecosystems resulting from the mining of metals used in the production of steel and components
E5- RESOURCE USE AND CIRCULAR ECONOMY				
Resource Inflows, including the use of resources	NEG impact	Current	US	The use of raw materials, components and materials in production processes, with an impact linked to the consumption of virgin resources and the proportion of recycled materials used.
Resource outflows related to products and services	Opportunity	-	OO	An opportunity to strengthen our competitive positioning by developing solutions designed in accordance with the principles of the circular economy, modularity and recyclability.
Resource outflows related to products and services	POS Impact	Current	DS	Improved quality and concentration of recycled material, leading to greater reintegration into the production cycle: a reduction in the environmental impact caused by virgin material
Resource outflows related to products and services	POS Impact	Current	DS	Sustainable product design – the development of durable, energy-efficient, hydraulically efficient and repairable machinery, incorporating the principles of the circular economy throughout the entire product life cycle.
Waste	POS Impact	Current	OO	Sharing with customers the waste management guide covering waste that may be generated as a result of their purchase of the system: packaging and components
Waste	NEG impact	Current	OO	Waste generated from the use of packaging (paper, cardboard, plastic) and iron.

Sub-topic	Impacts / risks / opportunities	Current / potential	Own operations (oo)/ upstream (us) / downstream (ds)	Description
S1 - OWN WORKFORCE				
Working conditions: Job security	POS Impact	Current	OO	Income stability resulting from the use of contracts that protect workers
Working conditions: Job security	POS Impact	Current	OO	Implementation of initiatives aimed at attracting and retaining talent, with positive effects on the working environment, skills development, organisational continuity and innovative capacity.
Working conditions: Salary	POS Impact	Current	OO	Contributing to employees' well-being through welfare schemes and incentive schemes
Working conditions: Health and safety	NEG impact	Potential	OO	Potential risks to workers' health and safety arising from the very nature of the work
Equal treatment and opportunities for all: Training and skills development	POS Impact	Current	OO	Developing employees' skills and abilities through the implementation of professional development plans or programmes.
Equal treatment and opportunities for all: Training and skills development	NEG impact	Current	OO	Challenges in the transfer of knowledge and responsibilities between senior and junior staff, with potential implications for efficiency, coordination and process oversight.
Equal treatment and opportunities for all: Training and skills development	Opportunity	-	OO	Opportunities to improve product quality and in-house expertise through investment in research and development
S2 – WORKERS IN THE VALUE CHAIN				
Working conditions: Health and safety	Risk	-	US /DS	Risk of legal liability, operational disruptions and reputational damage in the event of workplace accidents or failure to comply with health and safety regulations.
S3 – AFFECTED COMMUNITIES				
Economic, social and cultural rights of communities: Impacts relating to the local area	POS Impact	Current	US	Support for projects and initiatives with a social impact within the community
S4 – CONSUMERS AND END-USERS				
Impacts relating to information for consumers and/or end-users: Access to (high-quality) information	POS Impact	Current	DS	The positive impact generated by providing clear, high-quality information, thereby supporting the correct and informed use of products. This is achieved, in particular, through information handbooks and dedicated training programmes, which help to improve transparency, security and customer relations.
Impacts relating to information for consumers and/or end-users: Access to (high-quality) information	NEG impact	Current	DS	Related to the potential risk to the health and safety of end-users in the event that technical information is unclear, incomplete or not properly understood, thereby preventing the correct use of the machinery.

Sub-topic	Impacts / risks / opportunities	Current / potential	Own operations (oo)/ upstream (us) / downstream (ds)	Description
G1- BUSINESS CONDUCT				
Corporate culture	POS Impact	Current	OO	Organisational and reputational impact associated with promoting an ethical corporate culture that complies with internal and external standards.
Corporate culture	NEG impact	Potential	OO	Potential disruption to business continuity and the integrity of company data as a result of cyber-attacks, with implications for the reliability of systems, the protection of sensitive information and stakeholder confidence
Protection of whistleblowers	POS Impact	Current	OO	Strengthening transparency and preventing unlawful conduct through secure reporting channels.
Management of supplier relations, including payment practices	POS Impact	Current	US	Strengthening supply chain governance and sustainability performance by establishing and monitoring ESG standards for suppliers.
Corruption and bribery: Prevention and detection, including training	POS Impact	Current	OO	A positive impact on transparency and the prevention of unlawful conduct through secure reporting channels and mechanisms to protect whistleblowers.
Corruption and bribery: Incidents	NEG impact	Potential	OO	Damage to the economy caused by incidents of corruption
Corporate culture	POS Impact	Current	OO	Transparency in reporting (board of statutory auditors, periodic legal and tax due diligence for extraordinary transactions, statutory auditors)
Management of supplier relations, including payment practices	POS Impact	Current	OO	Reputational impact resulting from compliance with contractual payment terms
Corporate culture	Opportunity	-	OO	Opportunities to strengthen reputation and competitive positioning through effective communication of ESG commitments to internal and external stakeholders
ESRS 2 – GENERAL DISCLOSURES				
Entity specific	Opportunity	-	OO	Opportunities for growth in enterprise value thanks to the company’s positioning within the circular economy sector and its alignment with sustainability frameworks (e.g. Article 9 of the SFDR)

IRO-1

Description of the process to identify and assess material impacts, risks and opportunities

Zato has adopted a structured process for identifying, analysing and assessing impacts, risks and opportunities (IROs), in line with the principles of double materiality set out in the European Sustainability Reporting Standards (ESRS) and the EFRAG methodological guidelines.

The process, which began in 2024 and was further consolidated in 2025, is designed to systematically and transparently identify material sustainability topics, taking into account both the impact perspective (“inside-out”) and the financial perspective (“outside-in”).

During 2025, the analysis was also extended to Zato North America, in order to provide a more comprehensive overview of the operational scope and impacts along the value chain, distinguishing between direct and indirect impacts.

The aim was to systematically and transparently identify the material impacts, risks and opportunities (IROs) relating to sustainability, both in terms of their relevance to the environment, society and governance (an “inside-out” perspective) and in terms of their financial signifi-

cance for the company (an “outside-in” perspective). The double materiality analysis was carried out in relation to all the topics and sub-topics set out in the standards.

1. Context analysis

The process began with an in-depth analysis of the company’s context, aimed at understanding its business model, operations and the entire value chain. Subsequently, key corporate documents, benchmark analyses and industry trends were examined in order to identify the sustainability topics material to the organisation. In collaboration with the ESG Committee, the following elements were therefore identified for each topic covered by the ESRS:

- The actual or potential impacts on the environment, people and society;
- The associated financial risks and opportunities.

2. Mapping along the value chain

At the same time, as part of the process of identifying IROs, a distinction was made between:

- **current impacts, risks and opportunities**, which are already evident and supported by evidence
- **potential impacts, risks and opportunities**, which may arise as a result of the company’s activities and its operating environment

For each impact, risk and opportunity, the mode of exposure was also analysed, distinguishing between:

- **direct exposure**, where the effect is generated or incurred directly by the entity’s activities
- **indirect exposure**, where the effect is mediated by relationships along the value chain or by external factors

3. Structured assessment according to ESRS parameters

All topics, sub-topics and sub-sub-topics included in the ESRS standards were systematically and consistently assessed according to a uniform scoring system, with expert support. The assessment was carried out ex ante, that is, before the implementation of any mitigation, prevention or promotion measures adopted by the company. This approach makes it possible to assess the inherent potential impact, irrespective of any strategies or actions already implemented, thereby facilitating a more objective assessment of the risk and the extent of the effects.

For each impact, risk or opportunity, a score has been assigned on a scale from 1 (minimal/marginal) to 5 (critical/strategic) based on qualitative and, in some cases, quantitative assessments defined by the company. The assessment distinguishes between negative and positive impacts, risks and opportunities, but adopts a symmetrical structure that allows for comparability and harmonisation of the assessment across the various dimensions analysed.

In accordance with the ESRS methodological guide, the following criteria were applied:

Actual negative impacts

Assessed according to three parameters:

- Scale: severity of the impact on people or the environment;
- Scope: extent of the impact in terms of locations, workers or economic resources involved;
- Irreversibility: difficulty of remedying the damage, in terms of time and cost.

Potential negative impacts

In addition to the three parameters above, the following was also included:

- Probability: likelihood of the impact occurring.

For these, the severity was calculated by giving equal weight to severity and probability (50/50).

Positive impacts (actual and potential)

Actual positive impacts were assessed based on scale and scope, with equal weighting. For potential impacts, probability was also factored in, as with negative impacts.

4. Evaluation of financial risks and opportunities

Sustainability-related risks and opportunities were assessed across three time horizons (short, medium and long term) consistent with those used in the financial statements, according to two criteria:

- Magnitude of financial effect: scale from 1 (negligible) to 5 (threatening company survival);
- Probability of occurrence: scale from 1 (very unlikely) to 5 (very likely).

5. Integration of stakeholder perspectives

At the same time, a structured stakeholder engagement process was conducted, as described in the previous section, enriching the assessment process by incorporating the perceptions and expectations of relevant stakeholders, who contributed to the assessment or validation of the impacts, risks and opportunities.

6. Materiality threshold and results

In order to identify material topics, Zato has defined specific materiality thresholds for impacts, risks and opportunities, in line with the methodology adopted. In particular:

- the **impacts** were considered material once they reached a level that was at least **significant** on the assessment scale used
- the **risks and opportunities** were considered material once they reached a level of at least **significant**, in line with the approach to assessing financial materiality

In addition to the quantitative criteria, certain topics were considered material even where their score fell below the defined threshold, provided they were deemed relevant in relation to:

- the strategic importance of the business model
- the relevance to the sector in question
- the level of attention paid by stakeholders

This approach makes it possible to combine quantitative assessment with a managerial and strategic perspective, ensuring greater alignment between the results of the analysis and the organisation's actual priorities.

During the double materiality analysis process, the internal assessments, developed with input from the ESG Committee and subject-matter experts, were supplemented by the findings arising from stakeholder engagement. The final result of the analysis therefore reflects a combined assessment, which takes into account both internal analyses and the perceptions of the stakeholders involved (see the relevant table), and serves as a tool to support the evolution of the company's strategy towards business models that are increasingly focused on sustainability.



Crushed steel plate >

IRO-2

Disclosure requirements in ESRS covered by the undertaking's sustainability report

The disclosure requirements included in this Corporate Sustainability Statement, based on the results of the materiality analysis, are set out in the “Table of Contents for the Sustainability Statement” on page 89.

The disclosure requirements set out herein relate exclusively to the topics identified as material in the double materiality analysis. As already explained in the thematic sections of this document, the following topics were identified as material:

Environmental topics:

- *Climate change (E1);*
- *Biodiversity and ecosystems (E4);*
- *Resource use and circular economy (E5).*

Social topics:

- *Own workforce (S1);*
- *Workers in the value chain (S2);*
- *Affected communities (S3);*
- *Consumers and end-users (S4).*

Governance topics:

Business conduct (G1).

The topics of Pollution (ESRS E2) and Water and Marine Resources (ESRS E3) have been classified as “not material” for the purposes of sustainability reporting. This assessment is based on the fact that, given the activities carried out and Zato’s operating context, these topics do not give rise to any material impacts, risks or opportunities, either in terms of environmental and social impact or in financial terms. It is important to emphasise that the definition of “not material” does not imply a lack of interest on Zato’s part, but rather reflects the decision to focus reporting on the topics identified as priorities by both stakeholders and the company itself.

In the “ESRS 2 – IRO-2” section on page 93, there is also a table referring to other EU legislative acts.

MDR-P

Policies and procedures

A set of policies, procedures and organisational tools has been progressively developed with a view to addressing the key material topics relating to the environment, social matters and governance that emerged from the double materiality analysis. The corporate management system is based on policy documents, internal regulations, service orders and operating procedures that govern both compliance matters and those relating to the continuous improvement of ESG performance.

This system forms part of a structured organisational model, supported by certified systems and governance tools designed to promote responsible behaviour, transparency in decision-making processes, the protection of people and the management of environmental impacts associated with the company's activities.

Environmental policies and instruments

With regard to environmental topics, specific operational provisions are adopted to regulate the management of the impacts arising from the company's activities. This area includes internal procedures relating to **waste management**, which are designed to ensure proper disposal and compliance with the relevant regulations.

The management of environmental impacts also covers corporate travel. In particular, the policies on the **use of company vehicles** incorporate environmental criteria consistent with the "Do No Significant Harm" (DNSH) principle of the EU Taxonomy, guiding the use of vehicles with a view to minimising environmental impacts.

Furthermore, the **Travel Policy**, described in the paragraph below and which sets out the procedures for managing business travel, includes guidelines aimed at prioritising, where possible, transport options with a lower environmental impact (for example, the train rather than the aeroplane).

Social policies and instruments

In the social sphere, Zato has adopted a comprehensive set of rules and procedures designed to ensure that working conditions are clear, fair and consistent with the principles of employee protection, work organisation and safety.

The main instruments include the **company regulations**, the company's **welfare** policy and the **recruitment procedure**, which govern the key aspects of the employment relationship and help to establish a transparent organisational framework focused on staff well-being.

These are complemented by specific provisions relating to the use of company equipment, including the procedure for the use of company devices, as well as the Travel Policy, which governs the management of business travel, helping to foster consistent and responsible behaviour within the organisation.

The management of social issues is also supported by the adoption of the **ISO 45001** certified management system for occupational health and safety, which contributes to risk prevention and the continuous improvement of working conditions.

Governance policies and instruments

In terms of governance, Zato oversees matters relating to corporate ethics, risk prevention and regulatory compliance through a structured system of tools and controls.

In particular, it has adopted a **Code of Ethics**, which sets out the standards of conduct expected of all those acting on behalf of the organisation or in relation to it.

This is accompanied by the **Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (MOG 231)**, which is the main mechanism for the prevention of offences and the strengthening of the internal control system. As part of this system, the company has also adopted a specific **whistleblowing policy**, designed to enable the reporting, including on a confidential basis, of non-compliant or unlawful conduct.

The oversight of organisational processes is further supported by the **ISO 9001**-certified quality management system, which contributes to the standardisation of procedures and the continuous improvement of the company's performance.

Scope, responsibilities and monitoring

The policies and procedures adopted apply to the entire organisation and are intended for all employees and contractors. In specific areas, these may also extend to entities within the value chain, in particular suppliers and partners, through contractual and operational arrangements.

Ultimate responsibility for defining and setting the direction of policies lies with the Board of Directors; the operational implementation of these policies, however, is entrusted to the various relevant corporate functions, including Human Resources, Quality, and Health and Safety, which ensure their application within their respective areas.

The implementation of policies is supported by internal communication, training and the circulation of service orders and operating procedures, which ensure that company guidelines are understood and applied.

The effectiveness of policies is monitored through internal controls, periodic reviews and audits carried out within the framework of certified management systems, as well as through ongoing monitoring by management and periodic reporting to the Board of Directors. These policies are updated over time in line with changes in legislation, organisational developments and the company's strategic priorities.

03.

Environment

E1	Climate change
E4	Biodiversity and ecosystems
E5	Resource use and circular economy



E1.

Climate Change

E1-1	Transition plan for climate change mitigation
ESRS E1-SBM-3, IRO-1	Material impacts, risks and opportunities relating to climate change
E1-2	Policies relating to climate change mitigation and adaptation
E1-3	Actions and resources in relation to climate change policies
E1- 4	Targets related to climate change mitigation and adaptation
E1-5	Energy consumption and mix
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions





E1-1

Transition plan for climate change mitigation

Steel wire rod
<

To date, Zato does not yet have a fully structured and formalised transition plan for climate change mitigation, in line with the objectives of the Paris Agreement, aimed at ensuring that its strategy and business model are compatible with a low-carbon economy and with the 1.5°C global warming limit. However, even in the absence of a comprehensively defined transition plan, the company has already launched and implemented a series of measures aimed at reducing its climate-changing emissions. These initiatives form part of the company's Sustainability Plan, which

E1-2

Policies relating to climate change mitigation and adaptation

includes short-, medium- and long-term actions on the key material ESG topics. For further details on decarbonisation measures and the planning of specific actions, please refer to paragraph E1-3 – Actions and resources in relation to climate change policies.

In accordance with requirement E1-2, please note that information relating to the policies adopted to manage and/or mitigate the material impacts, risks and opportunities associated with climate change mitigation and adaptation is presented in section MDR-P, on page 36.

ESRS E1- SBM-3, IRO-1

Material impacts, risks and opportunities relating to climate change

The process followed for identifying, assessing and prioritising impacts, risks and opportunities is described in Chapter ESRS 2 – IRO-1.

The double materiality analysis carried out identified the following material impacts, risks and opportunities relating to climate change. As explained in the section on the methodology used for the double materiality analysis, the risks and opportunities were assessed over short-, medium- and long-term time horizons, taking into account both the company's direct activities and those along the value chain.

Impacts / risks / opportunities	Current / potential	Own operations (oo)/ upstream (us) / downstream (ds)	Time horizon: short-term (st), medium-term (mt), long-term (lt)	Description
E1- CLIMATE CHANGE				
NEG impact	Current	DS	--	Contribution to climate change due to greenhouse gas emissions – inbound/outbound logistics transport
NEG impact	Current	US	--	Contribution to climate change due to greenhouse gas emissions – procurement of materials
POS Impact	Current	DS	--	Contribution to the transition to a low-carbon and circular economy through the development of technological solutions that improve energy efficiency
Opportunity	Current	OO	MT, LT	Opportunities for growth in market demand for recycling and material recovery technologies, driven by the transition to a circular economy and decarbonisation policies.
Opportunity	-	OO	MT, LT	Opportunities for innovation and adaptation of the product range through investment in products, processes and supply chains in line with regulatory and market requirements regarding sustainability.

E1-3

Actions and resources in relation to climate change policies

Updating of the company car fleet policy with the integration of environmental criteria

The new directives establish that the Zato fleet must include, whenever possible, electric or alternatively hybrid vehicles. The compliance of all vehicles with the DNSH "Do No Significant Harm" principle is mandatory for the objective linked to pollution, established in the delegated regulation on Climate Change of the European Financial Taxonomy (Delegated Act No. 2139/2021, economic activity 6.5). Selected vehicles will fully comply with EU Regulation 2018/18132 on emissions.

Evaluation of participation in a Renewable Energy Community (REC)

At the end of December, Zato formally joined the REC. The company will use renewable energy, starting with the local area. An innovative and sustainable project that brings together citizens, businesses and institutions with the aim

of producing, sharing and consuming green energy at a local level. The new Energy Community represents a concrete step towards the green transition, promoting energy self-sufficiency, a reduction in CO₂ emissions and financial savings for its members.

Updating of the company's Travel Policy

During the reporting period, Zato began reviewing its corporate travel policy, with the aim of reducing the environmental impact of travel, promoting carbon off-setting and optimising business travel. The policy sets out guidelines aimed at promoting sustainable mobility, prioritising solutions with a lower environmental impact and, where possible, the use of digital tools as an alternative to travel. In particular, the use of trains, public transport and shared mobility is encouraged, whilst air travel is restricted to essential journeys. The selection of sustainable accommodation providers and the adop-

tion of mechanisms to offset residual emissions are also encouraged.

Initiate the ISO 14001 certification process

During 2025, Zato embarked on a structured process aimed at implementing an environmental management system compliant with the ISO 14001 standard. The process is expected to be completed, with the final audit to obtain certification taking place, in the first quarter of 2026.

Digitalisation of environmental reporting

During 2025, the company completed the development of the application designed for the automated collection of ESG data, a project that had been launched the previous year. The tool supports a more structured and efficient management of sustainability information, improving its traceability, reliability

and quality, both for the purposes of internal monitoring and for reporting and engaging with stakeholders.

Development of climate resilience and environmental risk management strategies

During 2025, Zato took out specific insurance policies to protect against risks associated with extreme weather events, as part of its environmental risk management and mitigation strategy.

Improvement of the energy efficiency of the machinery at customer sites

Starting in 2024, Zato began offering its customers the option of selecting more sustainable engines, both electric and diesel, to reduce environmental impact without compromising on performance. With regard to the diesel engines in Blue Devil machines, in addition to the current STAGE IV engines, customers can now also opt for STAGE V engines, which

represent an evolution in emissions standards.

The STAGE IV and STAGE V engines comply with the European emission regulations, which limit pollutants such as nitrogen oxides (NOx) and particulate matter. The STAGE V engines are even more advanced, featuring more effective filtering and after-treatment technologies that drastically reduce emissions, making them more environmentally friendly than STAGE IV engines. One customer has already tested and continues to use this solution with excellent results, confirming its advantages in terms of efficiency and sustainability.

Thanks to these innovations, Zato offers its customers the possibility of adopting more sustainable solutions without compromising the power and reliability of their machinery.

E1-4

Targets related to climate change mitigation and adaptation

Objective	Action	Target	Time horizon	Progress
Attainment of ISO 14001 certification	Conduct of the final audit	Obtaining certification	2025-2026	Currently in progress: 90%
Digitalisation of environmental reporting	Implementation of the tool designed for the structured collection of the data required to calculate Scope 3 emissions	% of relevant Scope 3 categories covered	2026	In the planning stage
Improving energy efficiency	Feasibility study on replacing the generator used for testing	Conclusion of the analysis (100%)	2026	Currently in progress
	Energy audit of the Prevalle plant	Conclusion of the analysis (100%)	2026	Currently in progress
	Implementation of identified energy efficiency measures	Reduction in energy consumption (%)	2027	In the planning stage
Promoting sustainable behaviour within the organisation	Continuation of regular communications via the company's channels and the launch of the dedicated training programme	10 Annual reports	2024- 2026	Currently in progress
Improvement of the energy efficiency of the machinery at customer sites	Continuation of the optimisation process through a feasibility study aimed at installing higher energy class components.	Feasibility study completed (100%)	Continuous	Currently in progress

Note: The actions and objectives listed form part of the 2024–2028 Sustainability Plan. Future initiatives are subject to annual review and do not constitute a binding commitment, but reflect the organisation’s strategic intent, subject to available re-sources and the operating environment.

E1-5

Energy consumption and mix

Recognising the role that every business has to play in the fight against climate change, Zato has long been committed to reducing its environmental impact. This commitment translates into a constant process of innovation and improvement in production processes, aimed at increasing their efficiency and reducing environmental impacts, as well as into the ongoing optimisation of resource use, with particular attention paid to the management and monitoring of energy consumption.

Energy consumption and mix	Unit of measurement	2025	2024
(1) Fuel consumption of coal and coal-derived products	(MWh)	0.00	0.00
(2) Fuel consumption from crude oil and petroleum products	(MWh)	306.85	331.08
(3) Natural gas fuel consumption	(MWh)	69.11	99.87
(4) Fuel consumption from other fossil fuels	(MWh)	0.00	0.00
(5) Consumption of electricity, heat, steam and cooling purchased or obtained from fossil sources	(MWh)	6.59	1.14
(6) Total fossil fuel consumption	(MWh)	382.54	432.09
Share of fossil fuels in total energy consumption	%	74.90	73.60
(7) Consumption from nuclear sources	(MWh)	0.00	0.00
Share of energy from nuclear sources in total energy consumption	%	0	0
(8) Fuel consumption from renewable sources, including biomass (such as industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	(MWh)	0.00	0.00
(9) Consumption of electricity, heat, steam and cooling purchased or obtained from renewable sources	(MWh)	128.03	155.08
(10) Consumption of self-generated energy from renewable sources	(MWh)	0.00	0.00
(11) Total consumption of renewable energy	(MWh)	128.03	155.08
Share of renewable energy sources in total energy consumption	%	25.10	26.41
Total energy consumption	(MWh)	510.58	587.17

The figures relating to the energy mix for the 2024 financial year have been revised from those reported in the previous report, following an update to the methods used for collecting and processing data and a review of the available sources of information.

Measurement methods

Fuel consumption was converted to MWh using the net calorific values (NCV) and density factors published in CDP Technical Note 2025: Conversion of fuel data to MWh, based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

The figure for net revenue used as the denominator for measuring energy intensity corresponds to the balance sheet item “Revenue from sales and services” in the Consolidated Financial Statements as at 31 December 2024 and 2023.

Energy intensity relative to net revenue

	2025	2024
Total energy consumption (MWh)	510.58	587.17
Net revenue (M€)	43.6	45.1
Energy intensity based on net revenue (MWh/M€)	11.71	13.01

E1-6

Gross Scopes 1, 2, 3 and Total GHG emissions

Greenhouse gas (GHG) emissions

	Unit	2025	2024
Scope 1 gross GHG emissions	tCO ₂ e	94.16	113.01
Scope 1 GHG emissions from ETS (Emissions Trading Schemes)	tCO ₂ e	0.00	0.00
Percentage of Scope 1 GHG emissions covered by ETS	%	0.00	0.00
Scope 2 GHG emissions – location-based	tCO ₂ e	30.34	33.96
Scope 2 GHG emissions – market-based	tCO ₂ e	5.05	0.87
Total GHG emissions (location-based) (tCO ₂ eq)	tCO ₂ e	124.05	146.98
Total GHG emissions (market-based) (tCO ₂ eq)	tCO ₂ e	99.22	113.89

The figures for greenhouse gas (GHG) emissions for 2024 have been restated compared with those previously published, partly as a result of updates to the underlying energy data and the conversion factors used, with a view to improving the accuracy and methodological consistency of the reporting.

Biogenic CO₂ emissions resulting from the combustion or biodegradation of biomass

	2025	2024
Biogenic emissions – Scope 1	0	0
Biogenic emissions – Scope 2	N/A	N/A

Emissions intensity relative to net revenue

Greenhouse gas (GHG) emissions intensity against net revenue	2025	2024
Total GHG emissions (location-based) against net revenue (tCO ₂ eq/M€)	2.84	3.26
Total GHG emissions (market-based) against net revenue (tCO ₂ eq/M€)	2.28	2.53

Measurement methods

Scope 1 emissions were calculated using the GHG Protocol’s conversion factors (GHG Conversion Factors Full Set 2024). Scope 2 emissions calculated using the location-based approach were determined using the emission factors published by ISPRA in Report 413/2025, whilst the market-based approach was based on the emission factors for the Italian residual mix published by AIB for the calendar year 2024 (European Residual Mixes 2024). For Zato North America, location-based Scope 2 emissions were calculated using the EPA eGRID sub-regional emission factor for the SRTV region (2023), whilst market-based emissions were calculated using the EPA eGRID national average emission factor (2023), applied as a proxy in the absence of Renewable Energy Certificates (RECs). The figure for net revenue used as the denominator in the calculation of the emissions intensity corresponds to the item ‘Revenue from sales and services’ in the consolidated financial statements as at 31 December 2024 and 2023.

E4.

Biodiversity and ecosystems

E4-1	Transition plan and consideration of biodiversity and ecosystems in the strategy and business model
ESRS 2 SBM-3, ESRS 2 IRO-1	Material impacts, risks, and opportunities and their interaction with the strategy and business model
E4- 2	Policies relating to biodiversity and ecosystems
E4- 3, E4-4	Actions and resources related to biodiversity and ecosystems
E4-5	Impact metrics relating to changes in biodiversity and ecosystems



E4-1

Transition plan and focus on biodiversity and ecosystems in the business model strategy

According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the main pressures on nature responsible for biodiversity loss and the deterioration of ecosystem services can be categorised into five areas: changes in land use, water use and marine environments; the exploitation of natural resources; climate change; pollution; and the spread of invasive species. In this context, industrial activities, including the sector in which Zato operates, may also contribute indirectly to these pressures, particularly along the value chain, through the sourcing of raw materials and the use of natural resources

Zato has not yet drawn up a formal transition plan specifically dedicated to biodiversity and ecosystems. It has, however, embarked on a process aimed at gradually integrating these topics into its strategy and business model, as set out in chapter ESRS E4-2.

ESRS 2 SBM-3, ESRS 2 IRO-1

Material impacts, risks, and opportunities and their interaction with the strategy and business model

Following the double materiality analysis, indirect impacts on biodiversity were identified in the upstream stages of the value chain, linked to the mining of metals used in the production of steel and components. Such activities may place pressure on ecosystems, including habitat alteration and the consumption of natural resources.

Impacts / risks / opportunities	Current / potential	Own operations (oo)/ upstream (us) / downstream (ds)	Time horizon: short-term (st), medium-term (mt), long-term (lt)	Description
E4 – BIODIVERSITY AND ECOSYSTEMS				
NEG impact	Current	US	--	Indirect impacts on ecosystems resulting from the mining of metals used in the production of steel and components

E4-2

Policies relating to biodiversity and ecosystems

Zato recognises the importance of biodiversity as a key factor in environmental sustainability and the resilience of its business model. In this context, the company adopts a progressive approach aimed at integrating considerations relating to natural capital into its operations, with a particular focus on responsible supply chain management

Although the company does not currently have a formalised policy specifically dedicated to biodiversity, it incorporates these topics by steering its procurement decisions towards solutions with a lower environmental impact and by promoting more circular models for the use of resources, as discussed in detail in ESRS Chapter E5.

E4-3, E4-4

Actions and resources related to biodiversity and ecosystems

With regard to the indirect impacts identified along the value chain, Zato has, for several years, been implementing initiatives aimed at progressively shifting its procurement decisions towards the use of recycled steel as an alternative to steel produced through the integrated process, as described in chapter ESRS E5.

The company also monitors developments in the relevant regulatory and scientific framework, with the aim of developing, over time, a more structured system of environmental performance indicators relating to natural capital.

Mixed scrap in bales
>



E4-5

Impact metrics relating to changes in biodiversity and ecosystems

Production sites and areas of biodiversity importance

Zato has carried out a survey of its operational sites in order to assess their proximity to protected areas and areas of biodiversity sensitivity, in accordance with the disclosure requirements set out in ESRS E4. The analysis was carried out using the Natura 2000 network for the Italian site and US federal and state databases (USGS Protected Areas Database – PAD-US; Kentucky State Nature Preserves) for the American site. The company operates from two sites: the main site in Prevalle (BS), Italy, situated in the foothills to the south-west of Brescia, in an area predominantly characterised by industry and agriculture; the town of Hebron, Kentucky, in the United States, situated in Boone County, within an industrial and commercial area in the Cincinnati metropolitan area.

Prevalle site

The natural landscape surrounding the Italian site is characterised by morainic hills, the Chiese Valley and its proximity to Lake Garda. The following areas of biodiversity importance are located in the vicinity of the site:

The Cariadeghe Plateau Nature Reserve (Natura 2000 code: IT2070018) is the protected area closest to the production site, situated approximately 5 km away as the crow flies. It is a Site of Community Importance (SCI) designated under the Habitats Directive (92/43/EEC). The area is home to priority habitats, including beech forests and wildlife species of Community interest.

The Alto Garda Bresciano Regional Park is the other key protected area in the region, covering approximately 38,000 hectares along the western shore of Lake Garda, with its southern boundary situated some 15 km from the site. The area also falls within the catchment area of the Lombardy Regional Ecological Network (RER), which connects the ecological hubs of the province of Brescia via corridors linked to the Chiese Valley and the morainic hills around Lake Garda.

Hebron site

The American site is situated in Boone County, in northern Kentucky, an area characterised by a variety of natural habitats, including wetlands, watercourses, forests and agricultural land. The most significant protected area in the vicinity is the Big Bone Lick State Historic Site, situated in the municipality of Union (Boone County), approximately 16 km from the production site. The site, designated a National Natural Landmark in 2009, is a natural area of palaeontological

and ecological significance that is home to a variety of habitats. About 10 km north of the plant flows the River Ohio, an ecological corridor of national importance. The site is not situated within any federally protected areas, nor within any areas designated as State Nature Preserves under Kentucky state legislation.

Impact assessment

The proximity to the Cariadeghe Nature Reserve was the subject of a specific assessment. The analysis carried out did not reveal any direct or indirect impacts of the company's activities on protected habitats and species. The main pressures identified in relation to the conservation of the Natura 2000 site do not appear to be attributable to the type of activity carried out by the company. Overall, none of the production sites is situated within or in the immediate vicinity of formally protected areas. The distance from the nearest sensitive areas means that any material direct impacts on protected ecosystems can be ruled out.

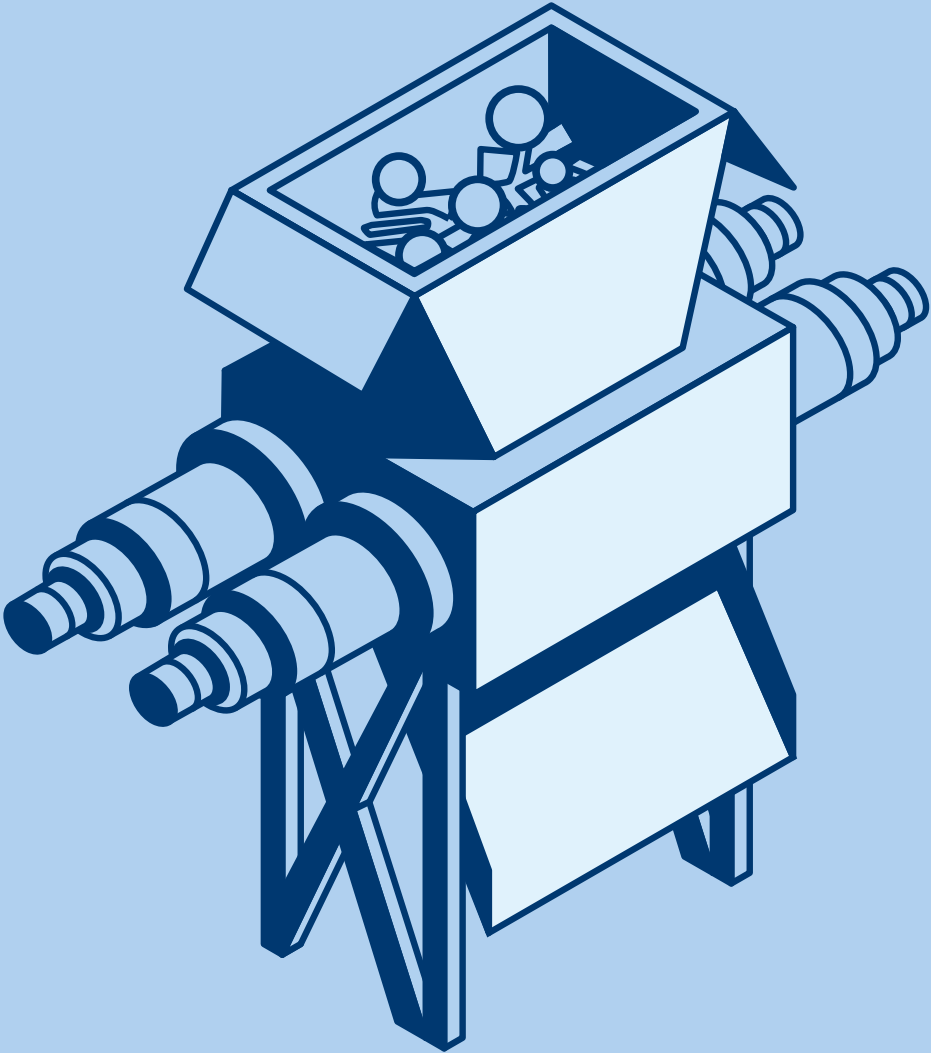
Rail tracks cut using a Cayman railbreaker >



E5.

Resource use and circular economy

ESRS 2- IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities
E5-1	Policies related to resource use and circular economy
E5-2	Actions and resources related to resource use and circular economy
E5-3	Targets related to resource use and circular economy
E5-4	Resource inflows
E5-5	Resource outflows



ESRS 2 - IRO-1

description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Impacts / risks / opportunities	Current / potential	Own operations (oo) / upstream (us) / downstream (ds)	Time horizon: short-term (st), medium-term (mt), long-term (lt)	Description
E4 – BIODIVERSITY AND ECOSYSTEMS				
NEG impact	Current	US	--	The use of raw materials, components and materials in production processes, with an impact linked to the consumption of virgin resources and the proportion of recycled materials used.
Opportunity	Potential	OO	MT, LT	An opportunity to strengthen our competitive positioning by developing solutions designed in accordance with the principles of the circular economy, modularity and recyclability.
POS Impact	Current	DS	--	Improved quality and concentration of recycled material, leading to greater reintegration into the production cycle: a reduction in the environmental impact caused by virgin material
POS Impact	Current	DS	--	Sustainable product design – the development of durable, energy-efficient, hydraulically efficient and repairable machinery, incorporating the principles of the circular economy throughout the entire product life cycle.
POS Impact	Current	OO	--	Sharing with customers the waste management guide covering waste that may be generated as a result of their purchase of the system: packaging and components
NEG impact	Current	OO	--	Waste generation

ESRS E5-1

Policies related to resource use and circular economy

In accordance with requirement E5-1, please note that information relating to the policies adopted to manage and/or mitigate the material impacts, risks and opportunities associated with the use of resources and the circular economy is presented in section MDR-P, on page 36.

E5-2

Actions and resources related to resource use and circular economy

Achieving a 50% share of recycled steel in our machinery and components

It is estimated that 43% of the material purchased from Zato's main supplier comes from recycled scrap. As regards other suppliers, no verifiable data on the recycled content is currently available; however, discussions are under way with a view to gradually improving transparency and the availability of information throughout the supply chain. The analyses carried out have enabled an initial collection of data, which remains incomplete at present and is insufficient for a comprehensive analysis. Zato is aware of the challenges posed by the growing scarcity of raw materials and natural resources. In this context, the company is working to identify solutions that will enable it to overcome the difficulties associated with implementing improvement processes within its supply chain, which is characterised by its high level of complexity and scale.

Adoption of responsible procurement practices across all product categories: monitoring of plastic bottles

In 2024, Zato replaced plastic water bottles with aluminium cans and reusable water bottles, thereby eliminating the plastic consumption associated with this practice. The monitoring carried out in 2025 as well confirms that this result has been maintained. In light of this evidence, the company has decided to continue along these lines. The only remaining use of recycled plastic is in connection with coffee, which is, in any case, managed through the usual recycling channels.

Promoting sustainable behaviour in departments and offices

Throughout 2025, Zato implemented structured measures aimed at improving internal operational practices, helping to reduce energy consumption and, indirectly, the emissions associated with the company's activities, through the analysis of existing procedures, aware-

ness-raising initiatives and dedicated training sessions. In particular, regular communications have been introduced via the company's channels (sustainability snippets) with the aim of promoting best practice. The measures implemented in 2025 focused on optimising the use of consumables, such as stationery, strengthening waste sorting practices and introducing solutions with a lower environmental impact, including the use of recycled paper even in toilet facilities, alongside awareness-raising activities aimed at reducing waste.

Reduce the production of hazardous waste

Analyses and tests have been initiated with a view to replacing certain substances used in production processes, with the aim of reducing the generation of hazardous waste.

In particular:

- tests relating to the use of water-based paints revealed technical issues that

prevented their adoption;

- tests relating to the use of natural oils (glycol) during the testing phases did not produce satisfactory results.

The activities were therefore concluded without being implemented, although they did represent a genuine attempt to improve the environment. Research is set to continue in 2026, with the launch of new tests involving alternative solvents.

Digitisation of the waste register

During 2025, the RENTRI system was implemented to digitise waste management. The introduction of the system has made it possible to improve operational efficiency and ensure greater transparency and traceability of flows.

Incorporating environmental criteria into procurement processes

Zato has launched an initiative aimed

at incorporating environmental criteria into its purchasing decisions, with a particular focus on corporate promotional items. The aim is to gradually shift the focus of procurement towards recycled materials or those derived from production waste. To this end, various solutions have been explored and contacts established with specialist suppliers. However, as things stand, the available alternatives are not economically viable. The initiative therefore remains under review and may be reassessed in the light of market developments.

E5-3

Targets related to resource use and circular economy

Objectives	Actions	Target	Time horizon	Progress status
Increase the proportion of steel from recycling to 50% in our machinery and parts	Analysis of the origin of the steel currently in use, by weight	50% recycled steel	2024-2026	Currently in progress Level achieved in 2025: 43%
Integration of environmental criteria into the purchasing and procurement policies	Definition of purchasing policy	Policy implementation completed (100%)	2026	Currently in progress
Reduce the production of hazardous waste	Testing of alternative substances: Alternative thinner	Analysis complete (100%)	2026	Currently in progress
Research and identify alternative materials for packaging	Test for replacing bubble wrap	Feasibility study completed (100%)	2025-2026	Currently in progress
Improvement of digitalisation of environmental processes to enhance efficiency and transparency.	TARI Management	Completion (100%)	2026	In the planning stage
Increase the efficiency of machinery	Eco-design and R&D activities	n/a	Continuous	Currently in progress

Note: The actions and objectives listed form part of the 2024–2028 Sustainability Plan. Future initiatives are subject to annual review and do not constitute a binding commitment, but reflect the organisation’s strategic intent, subject to available resources and the operating environment.

E5-4

Resource inflows

	Unit of measurement	2025	2024
(a) Total weight of the products and technical and biological materials used during the reference period	Tonnes	1946.94	2292.09
Of which technical materials	Tonnes	1946.94	1946.94
Materials handled for the manufacture of the systems	Tonnes	1945.26	2177.55
Packaging	Tonnes	1.68	2.10
Of which biological materials	Tonnes	0	0
Of which secondary materials	Tonnes	795.5	733.47
(b) Percentage of bio-based materials (and biofuels used for non-energy purposes) derived from sustainable sources, together with information on the certification scheme used	%	0	0
(c) The absolute weight of reused or recycled secondary components, secondary intermediate products and secondary materials used in the production of the organisation’s products and services (including packaging).	Tonnes	795.5	733.47
(d) Percentage of reused or recycled secondary components, secondary intermediate products and secondary materials.	%	40.85	32%

Methodological notes
The figure for secondary materials is an estimate based on suppliers’ declarations regarding the proportion of recycled content in the materials they produce, applied to the volumes purchased by Zato during the reference period.

E5-5

Resource outflows

For Zato, responsible waste management is a key element in promoting corporate sustainability and effectively managing the environmental impact of its processes. Building on the work already begun in 2024, the company continues to monitor the waste streams generated by its operations, promoting a management approach focused, where possible, on the recovery and recycling of materials.

The company operates a separate waste collection scheme, using suitable, clearly labelled and easily accessible bins, to ensure proper waste management even in day-to-day operations. For special and hazardous waste, Zato continues to rely on specialised and authorised operators who are able to ensure compliance with current legislation and the proper management of the recovery or disposal stages.

Hazardous waste	EWC/LoW	Unit of measurement	2025	2024
Solvents	14 06 03	Tonnes	1.121	0.9
Other oils	13 02 08	Tonnes	0.16	0.00
Contaminated absorbent materials and rags	15 02 02	Tonnes	2.11	1.05
Spray cans	15 01 11	Tonnes	0.23	0.101
Hydraulic hoses	16 01 21	Tonnes	0.06	—
Emulsions	13 08 02	Tonnes	0.17	0.25
Abrasive belts	12 01 21	Tonnes	0.1	—
Paints and solvents	08 01 11	Tonnes	0.43	0.43
Contaminated packaging	15 01 10	Tonnes	1.06	0.00
Other fuels, including mixtures	13 07 03	Tonnes	0.00	0.33
TOTAL	—	Tonnes	5.44	3.06

Non-hazardous waste	EWC/LoW	Unit of measurement	2025	2024
Paper and cardboard packaging	15 01 01	Tonnes	15	11.6
Plastic	20 01 39	Tonnes	10	10
Wooden packaging	15 01 03	Tonnes	17.9	20.44
TOTAL	-	Tonnes	42.9	42.04

88.7%

Non-hazardous waste

11.3%

Hazardous waste

Waste not intended for disposal

		2025		2024	
Hazardous waste	Unit of measurement	Total	Total %	Total	Total %
Reuse	Tonnes	0	—	0	—
Recycling	Tonnes	0	—	0	—
Other recovery operations	Tonnes	0.23	4.2%	0.10	3.2%
Total hazardous waste	Tonnes	5.44	100%	3.06	100%
Non-hazardous waste	Unit of measurement	Total	Total %	Total	Total %
Reuse	Tonnes	0	0%	0	0%
Recycling	Tonnes	0	0%	0	0%
Other recovery operations	Tonnes	42.9	100%	42.0	100%
Total non-hazardous waste	Tonnes	42.9	100%	42.0	100%

Waste intended for disposal

		2025		2024	
Hazardous waste	Unit of measurement	Total	Total %	Total	Total %
Incineration	Tonnes	0	0%	0	0%
Landfill	Tonnes	0	0%	0	0%
Other disposal operations	Tonnes	5.21	4.2%	2.96	3.2%
Total hazardous waste	Tonnes	5.44	100%	3.06	100%
Non-hazardous waste	Unit of measurement	Total	Total %	Total	Total %
Incineration	Tonnes	0	0%	0	0%
Landfill	Tonnes	0	0%	0	0%
Other disposal operations	Tonnes	0	0%	0	0%
Total non-hazardous waste	Tonnes	42.9	100%	42.0	100%

Waste disposal methods by type
2025

89.2%

Total recovery rate

Hazardous waste

95.8% 4.2%

Disposal — 5.21 tonnes

Recovery — 0.23 t

Non-hazardous waste

100%

Recovery — 42.9 t

Eco-design

Eco-design, or sustainable design, is an approach that encompasses the entire life cycle of a product: from the conception and design stage, through to marketing, right up to final disposal. The aim is to minimise the negative impact on the ecosystem by identifying solutions with a lower environmental impact. At Zato, this commitment translates in practice into a reduction in the materials used during the manufacturing process and the design of products that are durable, repairable, upgradeable and recyclable.

After-sales services

After-sales services are a key component of Zato's business model and contribute directly to extending the useful life of the machinery, thereby reducing the need for early replacements and the generation of end-of-life waste.

Technical assistance

Zato provides a 24-hour, 7-day-a-week support service worldwide. The measures are organised on two levels. In the initial phase, technological and IT tools are used which enable around 70% of cases to be resolved remotely, thereby reducing machine downtime and costs for the customer. Where necessary, Zato sends teams of qualified technicians directly to site, operating anywhere in the world.

Digital services

Zato has developed an integrated system of digital services, described in the SBM-1 section, which includes remote assistance via Augmented Reality, preventive maintenance based on the monitoring of operating parameters, and sys-

tems for direct connection to installed machinery. From an environmental perspective, these tools make a significant contribution to extending the useful life of products: the ability to carry out remote interventions makes it possible to resolve around 70% of cases without the need to replace components, whilst preventive maintenance reduces maintenance costs by 25–30% and downtime by 35–45%, delaying the need for spare parts and limiting the waste generated by sudden breakdowns.

Genuine spare parts

Zato guarantees the immediate availability of genuine spare parts through its own warehouse and a network of qualified suppliers. Items are dispatched the day after the order is placed, subject to stock availability. The main components subject to wear and tear are monitored over time through the preventive maintenance system. Their service life is affected by the quality of the input material, the presence of impurities and the regularity of maintenance. Choosing

the right materials and using them in accordance with the technical specifications helps to significantly extend the service life of spare parts, reducing the frequency of replacement and the associated waste.

Revamping

Zato offers a mechanical and functional reconditioning service for used machinery and plant, carried out by qualified technicians capable of overhauling both individual pieces of equipment and complex systems. This process makes it possible to extend the operational life of machinery and plant, reducing the need for new purchases and minimising the environmental impact associated with the manufacture of new systems. As evidence of the systematic nature of this approach, Zato offers a well-organised range of second-hand machinery, all of which is fully reconditioned and inspected by its own technicians before being put back on the market. Every machine undergoes a rigorous inspection and maintenance process to ensure its reliability, safety and optimum perfor-

mance. This offer, which can be viewed on the company's website in the dedicated section, enables the lifespan of machinery to be extended, reduces the demand for new equipment and makes Zato technology accessible to a wider range of customers, in line with the principles of the circular economy.

04.

Social

S1	Own workforce
S2	Workers in the value chain
S3	Affected communities
S4	Consumers and end-users



S1.

Own workforce

ESRS S1 SBM-3	Material impacts, risks, and opportunities and their interaction with the strategy and business model
S1-1	Policies related to own workforce
S1-2	Processes for engaging with own workforce and workers' representatives about impacts
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns
S1-4	Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches
S1-5	Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities
S1-6	Characteristics of the undertaking's employees

S1-7	Characteristics of non-employee workers in the undertaking's own workforce
S1-8	Collective bargaining coverage and social dialogue
S1-9	Diversity metrics
S1-10	Adequate wages
S1-11	Social protection
S1-12	Persons with disabilities
S1-13	Training and skills development metrics
S1-14	Health and safety metrics
S1-15	Work-life balance metrics
S1-16	Remuneration metrics (pay gap and total remuneration)
S1-17	Incidents, complaints and human-rights impacts



ESRS S1 - SBM-3

Material impacts, risks, and opportunities and their interaction with the strategy and business model

Impacts/ risks / opportunities	Current / potential	Own operations (oo) / value chain (vc): upstream / downstream	Time horizon: short-term (st), medium-term (mt), long-term (lt)	Description
S1 - OWN WORKFORCE				
POS Impact	Current	OO	—	Linked to the maintenance of safe working conditions that promote income stability for workers.
POS Impact	Current	OO	—	Implementation of initiatives aimed at attracting and retaining talent, with positive effects on the working environment, skills development, organisational continuity and innovative capacity.
POS Impact	Current	OO	—	Contributing to employees' well-being through welfare schemes and incentive schemes.
NEG impact	Potential	OO	—	Potential risks to workers' health and safety arising from the very nature of the work.
POS Impact	Current	OO	—	Linked to the development of workers' skills through training and professional development programmes.
NEG impact	Potential	OO	—	Challenges in the transfer of knowledge and responsibilities between senior and junior staff, with potential implications for efficiency, coordination and process oversight.
Opportunity	Potential	OO	ST, MT, LT	Opportunities to improve product quality and in-house expertise through investment in research and development.

S1-1

Policies related to own workforce

Total Reward model

At Zato, the underlying belief is that the higher the level of psychological, physical and social well-being, the more this fosters motivation, productivity and the capacity for innovation. At the same time, actively engaging employees strengthens their sense of belonging, encourages collaboration and helps build a strong and inclusive corporate culture.

Investing in these areas not only improves the quality of working life, but also drives sustainable long-term performance, reduces turnover, enhances job satisfaction and fosters a positive organisational climate.

From 2024, Zato has had a model for managing the value offered to employees in the workplace, known as Total Reward, which enables the identification and management of investments and the value provided across six dimensions

All of the Total Reward initiatives were developed after an anonymous Survey, allowing employees to freely share their views on each of the six areas. The survey also contained the information required to carry out a demographic analysis, which was well tailored to the specific needs of Zato's working population. In accordance with requirement S1-1, please note that information regarding other policies adopted to manage and/or mitigate the impacts, risks and opportunities material to the organisation's workforce is set out in section MDR-P, on page 36.



Spazio fisico

Favorevoli condizioni fisiche e ambientali di lavoro

Welfare

Servizi complementari di natura non economica

Retribuzione

Compenso per quantità e qualità lavorativa
• Retribuzione fissa
• Retribuzione variabile
• Premialità

Spazio relazionale

Cultura aziendale wellbeing

Sviluppo personale

Sviluppo di competenze personali e professionali
• Piani di formazione integrati

Sviluppo organizzativo

Integrazione struttura e organizzazione
• Piani di carriera e di successione

S1-2

Processes for engaging with own workforce and workers' representatives about impacts

Zato recognises its employees as one of its key stakeholders and actively promotes their involvement in business processes, including with regard to the identification and assessment of ESG impacts.

In 2025, whilst preparing its sustainability report, the company launched a structured process to engage its workforce, broadening participation beyond the members of the ESG Committee. In particular, a questionnaire specifically designed to assess the impacts was administered, with the aim of gathering both qualitative and quantitative feedback and ensuring a broader and more diverse representation of internal viewpoints.

During the same year, ESG training was

also provided for the entire workforce, designed to foster a shared understanding of the key sustainability topics material to the organisation. The training programme included opportunities for active discussion, during which employees were invited to express their views on material topics, share practical experiences and highlight any problems or areas for improvement.

These opportunities for dialogue have not only helped to raise internal awareness of ESG impacts, but have also provided useful insights into people's needs and expectations, helping to ensure that the sustainability process is more closely aligned with the reality of the organisation. This approach reflects a desire to gradually promote a culture of sustainability, making it an increasingly

integral and widely embraced part of our society. Over the coming years, Zato intends to further strengthen the workforce's direct involvement in the various stages of the ESG journey, recognising that an effective and credible strategy is based on listening to and valuing the contribution of every individual.

S1-3

Processes to remediate negative impacts and channels for own workforce to raise concerns

Since 2019, Zato has implemented a structured system for collecting and managing reports of non-compliant behaviour, which is accessible to all employees and designed to enable the identification and management of any negative impacts.

Reports may be made in writing or verbally, via the dedicated channels described in the Whistleblowing Policy, which is available on the company's website. The system is designed to ensure the confidentiality of the whistleblower's identity and the protection of the information provided.

The handling of reports is entrusted to the Supervisory Board (SB), which ensures that reported cases are analysed, assessed and managed, whilst operating autonomously and independently. Whistleblowers acting in good faith

are protected from any form of retaliation, discrimination or penalisation. Measures are also in place to ensure the protection of those involved in the process and the fairness of the checks. Following receipt of a report, the Supervisory Board carries out the necessary preliminary investigations and, where necessary, conducts further enquiries, with a view to establishing the facts and determining any corrective or remedial measures.

Zato also organises information and training activities on the reporting channels and how to use them, in order to ensure that all workers are aware of them and can effectively access them.

S1-4

Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

Health and safety

Attainment of ISO 45001 certification

In 2025, Zato S.p.A. was awarded ISO 45001 certification, which confirms that its occupational health and safety management system complies with international standards.

Introduction of the near-miss management system

A structured procedure has been introduced for reporting and monitoring near-misses, which has also been extended to cover activities carried out away from the company's premises.

Focus on internal traffic management and reducing emissions

As part of its approach to managing the movement of vehicles within production areas and the warehouse, Zato has adopted a policy of favouring suppliers with electric forklifts over diesel-powered ones, which offers a twofold benefit in terms of operational safety and the reduction of emissions in the workplace.

Safety protocols for outdoor installation and maintenance work

In 2025, Zato began reviewing its operating procedures with the support of a consultant specialising in work at height. In 2025, the procedure for replacing the blades on the external shredders was completed. The completion of the procedure for mills and the formulation of a policy on safety management during business travel are scheduled for 2026, as indicated in the Objectives section.

Total Reward – relationship-building space

Collecting and managing employees' ideas

In 2025, Zato consolidated its internal system for gathering ideas from employees. At the end of the year, a meeting was held between the employees involved and the CEO, the Managing Director and the ESG Manager, to assess the proposals gathered during the year: all the ideas put forward in 2025 were taken on board and acted upon, confirming the effectiveness of the process and the company's commitment to the active contribution of its staff. The winning proposals focused on: process efficiency, technological improvement, machine safety, personal safety, cost-effectiveness and technological innovation.

Proler, Residue from the processing of mixed scrap metal by a hammer mill >



Total Reward - welfare:

Intesa Sanpaolo's corporate welfare platform, Welfare Hub, which was introduced in the second half of 2024, remained operational in 2025, reaffirming its role as a key component of the welfare package.

Total Reward – physical space

Improvements to interior spaces: meeting room and area painted

In 2025, a new meeting room was created by converting the former company archive, thereby expanding the space available for collaborative work. The painting of the welding area was also completed.

S1-5

Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

The setting of objectives was based on an analysis of the material impacts, risks and opportunities identified through the double materiality analysis, on sessions of active listening with employees, and on developments in the regulatory and social environment. The targets set reflect the organisation's priorities in terms of staff well-being, motivation and development. The main ones include:

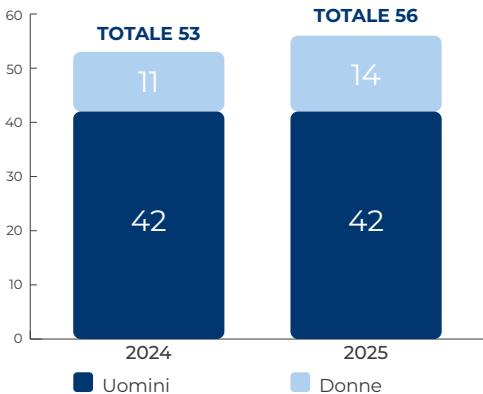
Area	Objectives	Actions	Target	Time horizon	Progress
Total Reward - Physical space	Improving well-being and the quality of work environments	Construction of an additional mezzanine-level space within the factory to create new offices	10 new workstations	2026	Currently in progress
	Improving working conditions for employees	Expansion of the toilet facilities in the warehouse department	Two working toilets in the department	2027	In the planning stage
Total Reward - Relationship-building space	Strengthening employee engagement and participation	Systematic collection and management of employees' ideas	At least one annual meeting to collect, assess and manage proposals.	Continuous	Currently in progress
	Improving transparency and internal communication	Regular update on the company's performance	At least one communication event for all staff	2026	In the planning stage
Total Reward - remuneration Total Reward - welfare	Incorporating ESG criteria into incentive schemes	Revision of the year-start targets by department and of the incentives linked to ESG targets	Formalised ESG targets and incentives for 100% of departments	2026	In the planning stage
	Strengthening staff well-being through welfare schemes	Review of the welfare plan	New welfare plan approved and now in force	2026	In the planning stage
Total Reward – Organisational development	Strengthening and developing professional skills in line with organisational needs	Targeted recruitment of staff to enhance and disseminate skills	Recruitment of 10 new staff members across various departments	2026-2027	Currently in progress
Total Reward – Personnel development	Developing staff skills	Analysis of training needs, updating of the training plan and sharing this with managers	Updated training programme for 100% of staff	2025-2026	In the planning stage
	Monitoring the effectiveness of training	Definition of the training programme, including methods for assessing its effectiveness	Operational verification plan	2027	In the planning stage

S1-6

Characteristics of the undertaking's employees

We pursue an employment policy focused on stability and loyalty, with a preference for permanent contracts. It is not only about providing favourable working conditions, but about creating an environment where people feel valued, heard and part of a group with a shared purpose.

Breakdown by gender



Breakdown by country

Country	2025	2024
Italy	52	49
United States	4	4
TOTAL	56	53

Turnover

The staff turnover rate is calculated by dividing the total number of departures during the year, regardless of the reason, by the total number of employees on the books as at 31 December of the same year.

The figure for staff leaving the organisation also includes workers on fixed-term contracts that have not been renewed or converted to permanent contracts, and those who have not passed their probationary period.

12.8%

STAFF TURNOVER RATE 2025

95%

PERMANENT CONTRACTS



The reporting of workforce data is based on the headcount of employees as at 31 December of each financial year. This approach enables us to obtain an accurate year-end headcount, including all types of contracts, unless otherwise specified in the individual analyses.

Gender is determined on the basis of employees' self-declaration, in accordance with current legislation and in respect of the individual's freedom to express their gender identity.

S1-7

Characteristics of non-employee workers in the undertaking's own workforce

At the end of 2025, Zato enlisted the help of an external contractor to ensure the administrative department could continue to operate smoothly, following the prolonged absence of a member of staff due to illness.

	2025	2024
External contractors	1	0
Self-employed workers	0	0
Trainees	0	0
Total	1	0

S1-8

Collective bargaining and social dialogue

All employees of Zato S.p.A. are employed in accordance with the National Collective Labour Agreement (CCNL) for the metals and plant engineering industry, which guarantees uniform working conditions, rights and protections for the entire Italian workforce. Employees at Zato North America are not covered by collective bargaining agreements, in line with the regulatory and labour market context in the United States, where collective bargaining is not a widespread practice in the private manufacturing sector.

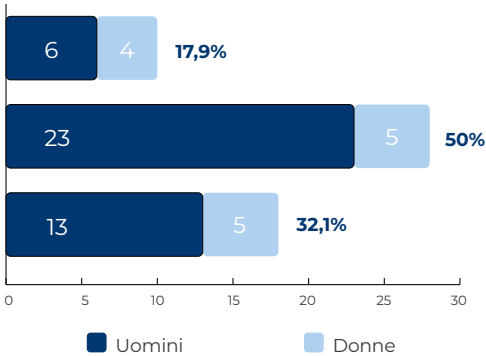
	2025	2024
Total employees	56	53
Number of employees covered by collective bargaining agreements	52	49
Total Percentage	93%	92%

2025				2024			
Coverage of collective bargaining agreements		Social dialogue		Coverage of collective bargaining agreements		Social dialogue	
Coverage rate (for countries with more than 50 employees, accounting for more than 10% of total employees)	Employees – EEA	Employees – Non-EEA	Workers' representation (EEA)	Employees – EEA	Employees – Non-EEA	Workers' representation (EEA)	
0 - 19 %	—	USA	—	—	USA	—	
20 - 39 %	—	—	—	—	—	—	
40 - 59 %	—	—	—	—	—	—	
60 - 79 %	—	—	—	—	—	—	
80 - 100 %	Italy	—	Italy	Italy	—	Italy	

S1-9

Diversity metrics

Zato aims to establish itself and be recognised as an inclusive and fair company, capable of creating value across the board. With this in mind, it promotes diversity within the organisation through recruitment processes based solely on skills and free from any form of bias. This approach is also set out in the “Work with us” section of the company’s website, where it is clearly stated that all applications are assessed without any discrimination on the grounds of gender, disability, sexual orientation, nationality or ethnic origin, religious beliefs or age.



Breakdown of senior management by gender

	2025		2024	
	Headcount	Percentage	Headcount	Percentage
Number of female employees in senior management	2	25%	1	17%
Number of male employees in senior management	6	75%	5	83%
Total number of employee in senior management	8	100%	6	100%

Breakdown of employees by age group

	2025		2024	
	Men	Women	Men	Women
< 30 years	6	4	7	2
30- 50 years	23	5	23	5
> 50 years	13	5	12	4
Total	42	14	42	11

S1-10

Adequate wages

All employees of Zato S.p.A. are classified in accordance with the National Collective Labour Agreement for the metals and plant engineering industry, which sets out the minimum pay scales, contractual rights and applicable terms and conditions of employment. The remuneration paid is in line with the minimum rates set out in the relevant national collective agreement and commensurate with each employee’s pay grade. With regard to the US office, employees at Zato North America receive a gross hourly rate that exceeds the living wage estimated using the MIT Living Wage Calculator. The ratio of the average gross hourly pay to the local living wage is approximately 1.7, confirming that pay levels are appropriate in the context of the relevant economic environment.

S1-11

Social protection

Zato has staff in two countries: the United States of America and Italy. Social protection cover varies depending on the regulatory framework in force in each country. Employees based in Italy are fully covered by social security through public schemes, which provide adequate support for loss of income in the event of illness, unemployment, an accident at work, sudden disability, parental leave and retirement. In the United States, the social security system is structured differently from that in Europe and does not provide comprehensive cover for all major life events. Consequently, US employees are not covered for loss of earnings in the event of sickness or parental leave.

S1-12

Persons with disabilities

	2025	2024
	Headcount	Headcount
Male employees with disabilities	0	1
Female employees with disabilities	2	1
Total employees	2	2

S1-13

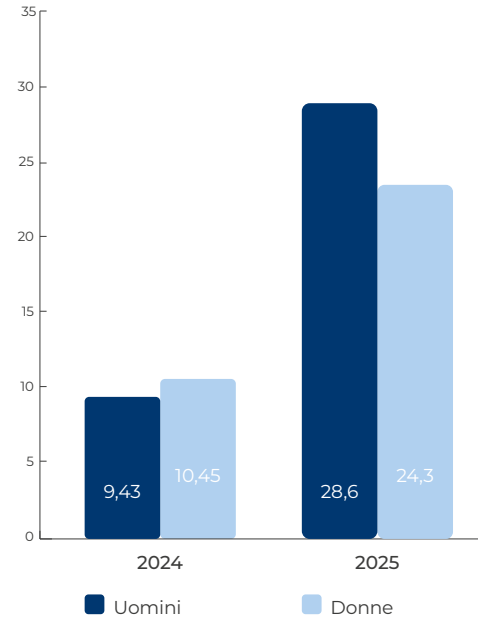
Training and skills development metrics

In 2025, Zato delivered a total of more than 1,500 hours of training. All employees have completed the compulsory training courses required by the relevant legislation in their respective countries, alongside programmes designed to develop and enhance their skills. The main areas of training covered languages (English and Spanish), health and safety at work, the use of digital tools and data analysis (Power BI, Excel), specialist technical skills (advanced

hydraulics), as well as emerging topics such as artificial intelligence applied to business, ESG and cyber security. Courses dedicated to warehouse management and environmental issues have also been developed. Health and safety training is covered in detail in section S1-14; please refer to this section for further information.

	2025		2024	
	Percentage of employees who receive a regular performance and career appraisal	Average number of training hours per employee	Percentage of employees who receive a regular performance and career appraisal	Average number of training hours per employee
Female employees	100%	24.3	100%	10.45
Male employees	90.5%	28.6	90.5%	9.43
Total employees	92.4%	27.5	92.4%	9.64

Average training hours per employee



S1-14

Health and safety metrics

ZATO converts its commitment to health and safety into a structured series of daily practices integrated into its business processes. With a constantly updated internal management system, the company ensures the monitoring of the working conditions and the implementation of effective prevention measures.

Every new hire undergoes mandatory training and regular refresher courses tailored to their specific tasks and risks. Maintenance activities, the use of PPE, space management and the assessment of near misses are part of a continuous improvement strategy that actively engages supervisors and all departments.

Zato is also dedicated to raising awareness so that everyone recognises their own role in creating a safe working environment. The culture of prevention the company fosters goes beyond regulatory compliance, becoming part of everyday operations and shared responsibility.

In 2025, Zato also obtained ISO 45001 certification, which supports a structured approach to health and safety management and helps to prevent and reduce the risks of accidents and occupational illnesses.

Health and safety metrics	2025	2024
Percentage of employees covered by the health and safety management system	94.6%	92.4%
Number of deaths caused by accidents at work	0	0
Number of deaths due to occupational diseases	0	0
Number of reportable workplace accidents	1	1
Number of hours worked	93,303	84,465
Recordable workplace accident rate	10.72	11.7
Number of reportable cases of occupational disease	0	0
Number of days lost due to work-related accidents and work-related fatalities, occupational diseases and deaths from illness (employees)	22	32

S1-15

Work-life balance metrics

Leave for family reasons

	2025			2024		
Entitled to leave	Women	Men	Total	Women	Men	Total
Number of employees entitled to family leave	14	38	52	11	38	49
Number of entitled employees who took family leave	4	4	8	4	7	11
Percentage of employees entitled to take leave for family reasons	100%	90.5%	92.86%	100%	90.5%	92.86%
Percentage of entitled employees who have taken family leave	28.6%	10.52%	15.38%	36.6%	18.42%	22.45%

The employees who were not entitled to parental leave in either financial year are the four employees of Zato North America, due to the different legislation applicable in that country. Under current US legislation, these employees are only entitled to unpaid leave.

S1-16

Pay gap and total remuneration

The gender pay gap reported here is calculated on the basis of the entire group. This figure is influenced by the different geographical distribution of the workforce and by the concentration of male staff at Zato North America, where average pay levels are higher. The indicator is calculated by comparing the average gross annual pay of male employees with that of female employees, using the following formula: (average pay for men minus average pay for women) divided by average pay for men. The remuneration taken into account includes the basic salary.

The ratio of the highest annual remuneration to the median annual remuneration of employees is calculated by taking total remuneration to include both the basic salary and all additional and variable components. The gross hourly pay is calculated by dividing the annual pay by the number of hours actually worked, whilst the median pay is obtained by dividing the total pay by the average number of full-time equivalent staff on an annual basis, excluding the person with the highest pay from the calculation.

	2025	2024
Gender pay gap	18.5%	14.1%
The ratio of the total annual remuneration of the highest-paid individual to the median total annual remuneration of all employees (excluding that individual)	5.54	5.54

S1-17

Incidents and reports relating to human rights

Thanks to the implementation of a Whistleblowing Reporting System, Zato is able to keep track of all reports received, ensuring continuous and detailed monitoring of the acts or incidents reported. It should also be noted that, during the reporting period, there were no serious human rights incidents involving the company's workforce, nor were any instances of discrimination in the workplace reported or any complaints lodged through the designated channels.



End-of-life vehicles >

S2.

Workers in the value chain

ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with the strategy and business model
S2-1	Policies relating to workers in the value chain
S2-2	Processes for engaging with value chain workers about impacts
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns
S2-4, S2-5	Taking action on material impacts on value chain workers

For Zato, workers in the value chain include people operating both upstream and downstream of its own activities, including those employed by suppliers of components, manufacturing and services, logistics operators, technical partners and those involved in transport, installation, support and maintenance at customer sites. This is a diverse group, comprising operational, technical and specialist staff who, in various capacities, contribute to the functioning of their value chain, in line with a business model that forms part of a strategic phase within the circular metals supply chain. In this context, the company recognises the importance of progressively managing the impacts that its activities may have on workers throughout the supply chain, with particular attention to health and safety, fair supply relationships and transparency throughout the value chain.



ESRS 2 SBM-3

Material impacts, risks, and opportunities and their interaction with the strategy and business model



Bales of aluminium cans >

In assessing material impacts, risks and opportunities, Zato has taken into account two categories of workers within its supply chain: workers employed by its suppliers (upstream) and those employed by its customers (downstream). The key material IROs relating to workers in the value chain are summarised in the table below.

Impacts/ risks / opportunities	Current / potential	Own operations (oo) / value chain (vc): upstream / downstream	Time horizon: short-term (st), medium-term (mt), long-term (lt)	Description
S2 - WORKERS IN THE VALUE CHAIN				
Risk	—	US /DS	ST	Risk of legal liability, operational disruptions and reputational damage in the event of workplace accidents or failure to comply with health and safety regulations

S2-1

Policies relating to workers in the value chain

In this context, Zato's strategy and business model are geared towards closely monitoring these aspects, prioritising partnerships with suppliers who adopt robust policies and make solid commitments to safeguarding human rights and working conditions.

The Code of Ethics and Conduct, approved by the Board of Directors and available on the company's website, sets out a firm commitment to promoting and safeguarding people's fundamental rights, whilst actively combating all forms of discrimination. This document

applies to everyone who works for or is associated with Zato, including employees, contractors, suppliers, consultants and partners, and sets out a zero-tolerance policy towards any form of irregular labour, expressly prohibiting business dealings with organisations that do not guarantee respect for fundamental workers' rights or that adopt business practices which fail to respect the environment and health and safety in the workplace.

Furthermore, Zato does not tolerate any form of discrimination or unfair treatment on the grounds of gender, religion, age, race, social status or nationality, either during the staff selection and recruitment process or in the day-to-day management of the employment relationship, and guarantees equal opportunities for all its employees.

Information on other policies adopted to manage and/or mitigate the impacts, risks and opportunities material to workers in the value chain is set out in section MDR-P, on page 36.

S2-2

Processes for engaging with value chain workers about impacts

At present, Zato does not have any structured processes in place for the direct involvement of workers in the upstream value chain with regard to the identified impacts. Communication takes place indirectly, mainly through our relationship with our suppliers. In 2026, Zato plans to implement a structured system that will include audits and visits to suppliers; this will constitute an initial structured form of direct engagement with the upstream value chain, enabling the company to identify and address working conditions and potential impacts on suppli-

ers' workers. The development of more structured engagement processes is one of the objectives of the company's ESG maturity journey, and progress on this will be reported in future reporting cycles.

S2-3

Processes to remediate negative impacts and channels for value chain workers to raise concerns

All stakeholders in the value chain, including workers or their representatives, have access to a whistleblowing mechanism to report any breaches of human rights or the principles of social responsibility. Details of the system are provided in section ESRS S1-3. Anonymity and non-retaliation are always guaranteed. In 2025, Zato did not receive any sanctions relating to breaches of laws and/or principles and regulations concerning human rights.



Shredded end-of-life vehicles
>

S2-4, S2-5

Taking action on material impacts on value chain workers

In addressing topics relating to workers within the value chain, Zato has progressively strengthened the tools used to control and monitor the supply chain, with the aim of improving transparency in its relationships with suppliers, formalising contractual safeguards in a more structured manner, and integrating sustainability criteria into its procurement processes. In this context, the procurement process is included in the analysis of business risks, which takes into account, amongst other things, aspects relating to the reliability of supply, the conformity of goods, delivery delays, dependence on suppliers for specific product categories, the monitoring of outsourced suppliers, and the proper assessment of suppliers.

During 2025, the company also completed the design phase of the vendor rating system, incorporating ESG factors (a topic described in greater detail in the Governance section of this document), and began drafting the Sustainable Procurement Policy and the Supplier Code of Conduct, thereby laying the foundations for an increasingly structured approach to managing the risks and opportunities associated with the value chain.

S3.

Affected communities

ESRS S3-SBM 3	Material impacts, risks, and opportunities and their interaction with the strategy and business model
S3-1	Policies related to affected communities
S3-2	Processes for engaging with affected communities about impacts
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns
S3-4, S3-5	Taking action on material impacts on affected communities

For Zato, affected communities are primarily the local area and the local communities with which the company interacts through its operational presence and the relationships it develops within the context in which it operates. In this context, Zato regards its relationship with the surrounding community as a key component of its approach to sustainability, which translates into concrete initiatives aimed at supporting the local area, promoting social inclusion, protecting biodiversity, enhancing local heritage, and supporting safety and emergency management.



ESRS 2 - SBM-3

Material impacts, risks, and opportunities and their interaction with the strategy and business model

Impacts/ risks / opportunities	Current / potential	Own operations (oo) / value chain (vc): upstream / downstream	Time horizon: short-term (st), medium-term (mt), long-term (lt)	Description
S3 – AFFECTED COMMUNITIES				
POS Impact	Current	US	—	Support for projects and initiatives with a social impact within the community

S3-1

Policies related to affected communities

As things stand, Zato does not have a formalised policy specifically dedicated to managing relations with affected communities. Our commitment to the local area is set out in the company's Code of Ethics, which recognises the company's responsibility towards the local community as an integral part of its values. This approach is consistent with the company's evolving governance framework, which also includes the objective of becoming a Benefit Corporation by 2026.

S3-2

Processes for engaging with affected communities about impacts

To date, engagement with affected communities takes place on an informal basis, mainly through direct links with the local area and dialogue with local authorities, associations and organisations involved in the initiatives supported by the company. Listening and engagement activities take place, in particular, during the planning and implementation of projects with a social, environmental and cultural impact, as well as through dialogue with partners and the beneficiaries of these initiatives. This approach makes it possible to identify local needs and priorities and to tailor interventions in a way that is consistent with the community's expectations.

Over the coming financial years, Zato intends to assess the introduction of more structured approaches to engaging with affected communities, with a view to making the dialogue more systematic and improving its ability to identify and manage impacts.



S3-3

Processes to remediate negative impacts and channels for affected communities to raise concerns

The materiality analysis did not reveal any material negative impacts of Zato on affected communities. No incidents of conflict or formally expressed concerns from local communities regarding the company's activities were recorded in 2025. Any reports or concerns from the community may be raised through existing company channels, including direct

contact with the organisation and the channels provided by the whistleblowing system, which are also accessible to external parties. Zato is committed to assessing any reports it receives and, where necessary, taking corrective action in line with its principles and the provisions of the Code of Ethics.

Pantographed, iron manufacturing scrap

S3-4, S3-5

Taking action on material impacts on affected communities

Throughout 2025, Zato continued its commitment to the communities it serves through targeted initiatives, formed part of a pragmatic approach to sustainability and aimed at creating value for the local area in social, environmental, cultural and safety terms. In particular, the initiatives carried out focused on supporting the local community and youth sport, promoting inclusive projects, protecting biodiversity, enhancing the local heritage and supporting emergency response capabilities. This includes a contribution to the Basso Garda Civil Protection Agency for the purchase of a 20-bed inflatable tent for use as a base camp in emergency situations; sports sponsorship aimed at local organisations and youth groups, including Brescia Calcio, Brescia Women's Basketball, Karting Motor Sport, and support for the Sport Senza Frontiere project, the Saving Bees initiative – a bee sanctuary

dedicated to the protection of pollinators and ecosystems – as well as a contribution towards the restoration of the Buco del Frate archaeological site, with the aim of promoting and preserving the local historical and archaeological heritage.

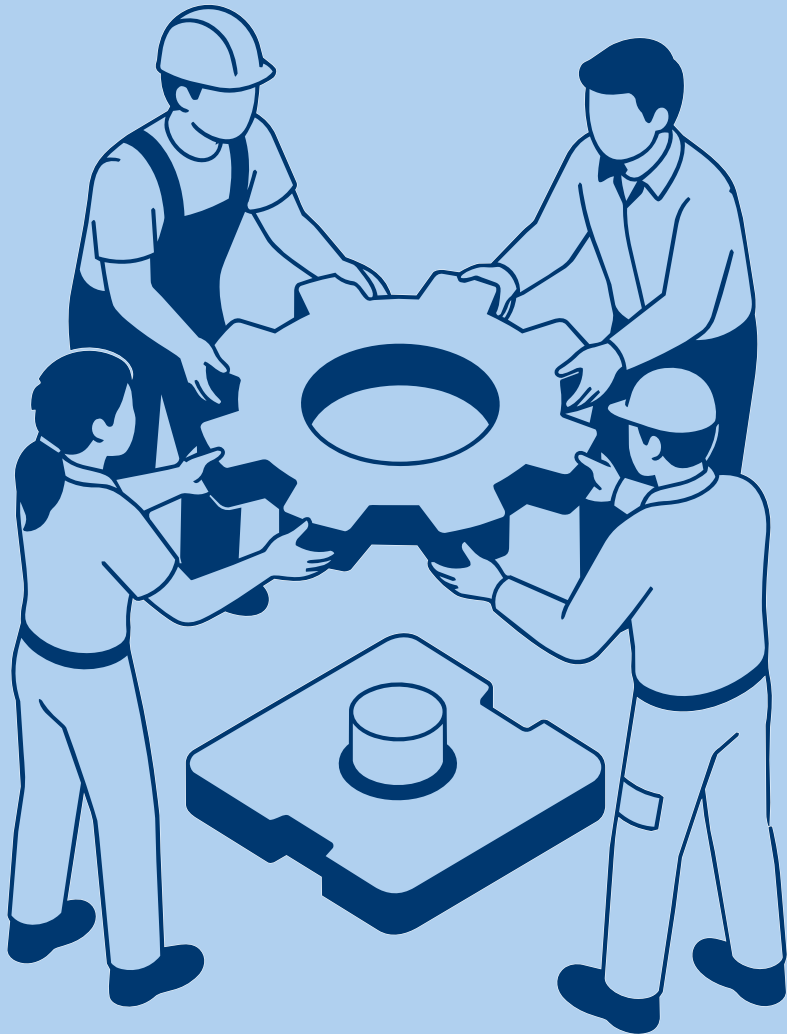
During 2026, Zato intends to develop its approach to supporting the communities it serves, directing its sponsorship activities towards local organisations capable of generating a wider impact, both in the surrounding area and beyond national borders. With this in mind, priority will be given to organisations and initiatives that are active at multiple levels. This development reflects a desire to provide greater focus and continuity to the company's initiatives, prioritising measures capable of generating value over time.

S4.

Consumers and end-users

ESRS 2- SBM-3	Material impacts, risks, and opportunities and their interaction with the strategy and business model
S4-1	Policies related to consumers and end-users
S4-2	Processes for engaging with consumers and end-users
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
S4-4, S4-5	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions

For Zato, consumers and end-users represent a key group in the downstream phase of the value chain. The quality, reliability and safety of the machinery that the company designs and manufactures have a direct impact on the user experience, operational continuity and the protection of end users. In this context, Zato attaches particular importance to the availability of clear, comprehensive and reliable technical information, as well as to training programmes on the correct use of machinery, considering these to be essential elements for enhancing the health and safety of end-users, preventing incorrect use and building lasting trust in its products and services.



ESRS 2 - SBM-3

Material impacts, risks, and opportunities and their interaction with the strategy and business model

Impacts/ risks / opportunities	Current / potential	Own operations (oo) / value chain (vc): upstream / downstream	Time horizon: short-term (st), medium-term (mt), long-term (lt)	Description
S4- CONSUMERS AND END-USERS				
POS Impact	Current	DS	—	The positive impact generated by providing clear, high-quality information, thereby supporting the correct and informed use of products. This is achieved, in particular, through information handbooks and dedicated training programmes, which help to improve transparency, security and customer relations
NEG impact	Current	DS		Related to the potential risk to the health and safety of end-users in the event that technical information is unclear, incomplete or not properly understood, thereby preventing the correct use of the machinery.

ESRS S4-1

Policies related to consumers and end-users

The company's management system, which is ISO 9001-certified, is a key tool for driving continuous improvement, increasing customer satisfaction and optimising internal processes.

Product quality and safety are the cornerstones of Zato's business model: the company is committed to ensuring that its machinery complies with the relevant regulations and is safe right from the design stage, through:

- usability and security checks
- compliance with the relevant regulations
- Continuous monitoring of the Management System through audits and training activities.

To support this approach, Zato also has a customer satisfaction procedure, currently under review, designed to strengthen the structured monitoring of customer satisfaction levels and to iden-

tify potential areas for improvement.

Further information on the policies adopted to manage and/or mitigate the impacts, risks and opportunities material to consumers and end-users is set out in the MDR-P section on page 36.

S4-2

Processes for engaging with consumers and end-users

End-users are engaged on the issue of impacts through operational channels integrated into the after-sales service model and through the double materiality process. In 2025, customers were directly involved in the materiality analysis process through a dedicated questionnaire designed to gather their views on material impacts, risks and opportunities. The findings have helped to shape the company's strategic ESG priorities and to identify the material topics covered in this statement.

At an operational level, the training provided to operators directly during the installation phase, and refreshed at every subsequent technical intervention, serves as a further means of direct engagement, enabling the provision of precise information on the correct and safe use of the machinery and the gathering of feedback on operating conditions and any issues encountered by users. The active technical support service provides a permanent channel of communication with customers through which reports, enquiries and operational feedback are collected.

S4-3

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Consumers and end-users of Zato machinery can use the company's whistleblowing scheme to report any breaches of human rights or the principles of corporate social responsibility, or to raise any other concerns regarding the impacts associated with the use of the products.

The system guarantees the anonymity of the whistleblower and protection against any form of retaliation in all circumstances. Details of how the system works are set out in section S1-3 of this document.

In 2025, no reports were received and no sanctions were imposed in relation to breaches of laws, principles or regulations concerning human rights or social responsibility towards consumers and end-users.

S4-4, S4-5

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

In addressing the material impacts identified in this section, Zato's actions focus on enhancing the health and safety of end-users, through two main measures: the quality of the technical information provided and training on the correct use of machinery.

With regard to information provision, the company is committed to ensuring that the accompanying technical documentation, including user manuals, operating procedures and maintenance specifications, is clear, comprehensive and up to date, so as to enable operators to use the machinery safely and in accordance with the design specifications.

In terms of training, staff training is provided directly during the installation phase and refreshed at every subsequent technical intervention, with the support of the remote assistance service to update and reinforce skills over time. This approach ensures the correct and efficient use of the systems throughout the product's entire life cycle. No specific quantitative targets have been set for 2025 in relation to this area of intervention.

End-of-life
vehicles
>



05.

Governance

ESRS G1	Business conduct
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities
G1- 1	Business conduct policies and corporate culture
G1-2	Management of relationships with suppliers
G1-3	Prevention and detection of corruption and bribery
G1-4	Confirmed incidents of corruption or bribery
G1-5	Political influence and lobbying activities
G1-6	Payment practices
Governance Actions and Targets	



ESRS G1

Business conduct

For Zato, a strong corporate culture is an essential prerequisite for sustaining growth, managing risks and guiding the evolution of its business model in line with the principles of sustainability. The company believes, in fact, that ethics, legality, accountability, transparency and sustainability are not merely compliance requirements, but practical tools for strengthening the organisation's credibility, stakeholder trust and the continuity of its development.

For Zato, fostering corporate culture means strengthening the company's identity and guiding its evolution towards increasingly sustainable and shared objectives, whilst promoting responsible behaviour, informed participation and consistency between stated values and the choices made. From this perspective, corporate culture also acts as an enabler of strategy, capable of strengthening in-

ternal and external trust and supporting long-term value creation.

To ensure this commitment is both tangible and shared, the company makes use of a range of tools, including the preparation of the Sustainability Report, its internal presentation, dedicated training, communication via the company website and the active involvement of the various departments. In this context, the marketing team acts as a liaison in disseminating ESG results and content both within and outside the organisation, with the aim of maximising engagement and empowerment amongst staff at all levels.

Cybersecurity as a driver of business resilience

In a context characterised by the ever-evolving nature of cyber threats and increasingly stringent regulatory requirements, Zato regards cybersecurity as an increasingly important factor in business resilience. Cybersecurity is not merely a technical safeguard, but an essential component of business continuity, the protection of corporate information and the organisation's ability to respond effectively to incidents that could compromise the reliability of systems, the integrity of data and the trust of stakeholders. In 2024, an ongoing in-house training programme on phishing and cybersecurity was launched and continued throughout 2025, with the aim of raising staff awareness of the main cyber risks. At the same time, a structured

programme has been launched to strengthen IT governance, with a view to ensuring compliance with the NIS2 Directive and the gradual consolidation of technical and organisational security measures. Throughout 2025, this process continued through further analysis, assessment and improvement of security systems and processes, with the aim of strengthening the capacity to prevent, detect and manage cyber vulnerabilities. The company regards this set of initiatives as a strategic step towards safeguarding business continuity in a more structured and robust manner, strengthening cyber risk management, enhancing the organisation's digital resilience, and ensuring the integrity of company data and stakeholder confidence.



ESRS 2 - IRO-1

Description of the process to identify and assess material impacts, risks and opportunities

The material impacts, risks and opportunities relating to corporate conduct and corporate culture have been identified as part of the double materiality analysis. The table below sets out the impacts, risks and opportunities (IROs) relating to the topic covered in this chapter, indicating, for both current and potential risks and opportunities, their position within the value chain.

Impacts/ risks / opportunities	Current / potential	Own operations (oo) / value chain (vc): upstream / downstream	Time horizon: short-term (st), medium-term (mt), long-term (lt)	Description
G1 – BUSINESS CONDUCT				
POS Impact	Current	OO	—	Organisational and reputational impact associated with promoting an ethical corporate culture that complies with internal and external standards.
NEG impact	Potential	OO	—	Potential disruption to business continuity and the integrity of company data as a result of cyber-attacks, with implications for the reliability of systems, the protection of sensitive information and stakeholder confidence.
POS Impact	Current	OO	—	Strengthening transparency and preventing unlawful conduct through secure reporting channels.
POS Impact	Current	US	—	Strengthening supply chain governance and sustainability performance by establishing and monitoring ESG standards for suppliers.
POS Impact	Current	OO	—	A positive impact on transparency and the prevention of unlawful conduct through secure reporting channels and mechanisms to protect whistleblowers.
NEG impact	Potential	OO	—	Damage to the economy caused by incidents of corruption
POS Impact	Current	OO	—	Transparency in reporting (board of statutory auditors, periodic legal and tax due diligence for extraordinary transactions, statutory auditors)
POS Impact	Current	OO	—	Reputational impact resulting from compliance with contractual payment terms
Opportunity	—	OO	ST	Opportunities to strengthen reputation and competitive positioning through effective communication of ESG commitments to internal and external stakeholders

G1-1

Corporate culture and conduct

Zato is constantly committed to promoting integrity, transparency and accountability in the conduct of our business across the entire value chain. The industrial nature of our business, our management of complex technical processes and our presence in international markets expose us to the risk of potential non-compliance with applicable laws, regulations and standards, with potential implications for our stakeholders, including employees, customers, suppliers, industrial partners and the communities in which we operate. Any such issues could also have a negative impact on the company's reputation, the quality of our business relationships and our ability to consolidate Zato's position in the metal recycling and recovery sector. That is why we have established governance rules and implemented an internal control system based on the principles

of ethics, legality, fairness and transparency. In this context, the Code of Ethics and Conduct and the Organisational, Management and Control Framework pursuant to Legislative Decree 231/2001 and the whistleblowing scheme are key tools for promoting responsible behaviour, preventing risks and strengthening trust in our company.

Code of Ethics and Conduct

Zato fosters a corporate culture based on integrity, responsibility and respect, translating these values into concrete actions through the adoption of a Code of Ethics and Conduct, which was updated in 2023. The Code sets out the principles that guide our day-to-day work and serves as a guide for everyone acting on behalf of Zato in their dealings with customers, suppliers, industrial and

commercial partners, institutions and stakeholders. To ensure maximum accessibility and transparency, it is available in paper format at the company's headquarters, published on the website and accessible to all staff via the company intranet. The Code also forms an integral part of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, adopted by Zato in 2019, is an operational tool designed to support responsible management in line with regulatory requirements, helping to strengthen the internal control system and risk prevention. The principles set out in it promote conduct based on legality, integrity, transparency, safety, environmental protection and respect for people. Its implementation is overseen by the Supervisory Body, which is responsible for monitoring implementation, promoting its adoption and han-

dling any reports. Through this tool, we reaffirm our commitment to operating in accordance with sustainability principles, promoting ethical and responsible relationships throughout the value chain and strengthening stakeholders' trust in our company.

231 Model and reporting system

Zato has adopted an Organisational, Management and Control Model in accordance with Legislative Decree 231/2001, which constitutes a cornerstone of our governance and internal control system, with the aim of preventing the commission of offences relevant for the purposes of the legislation and promoting the management of the company's activities in accordance with the law, fairness and transparency. The Framework, which is consistent with the

principles set out in the Code of Ethics and Conduct, defines the rules, responsibilities, control mechanisms and information flows necessary for risk prevention, whilst oversight of its operation and compliance is entrusted to the Supervisory Body. To support this framework, there is also a whistleblowing scheme that enables staff to report, including confidentially, any behaviour that does not comply with internal principles or applicable legislation, thereby helping to strengthen a culture of integrity and accountability within the organisation and reinforcing our ability to prevent and promptly identify any potential issues.

G1-2

Supplier Relationship Management

Zato treats its relationships with suppliers as a key component of its approach to sustainability and supply chain management. In this context, the procurement process forms part of the corporate risk matrix by function, which also takes into account risk profiles relating to the reliability of supplies over time, the conformity of goods, delivery delays, dependence on a limited number of suppliers for specific product categories, and the proper assessment of suppliers. This approach enables the management of relationships with the supply chain to be integrated into a broader system for controlling and monitoring business risks, thereby strengthening the ability to identify potential issues in advance and to oversee procurement processes in a more structured manner. During 2025, the company also completed the design phase of its vendor rating system, incorporating ESG factors, and defined the relevant criteria partly on the basis of an international industry standard for Corporate Sustainability Assessment,

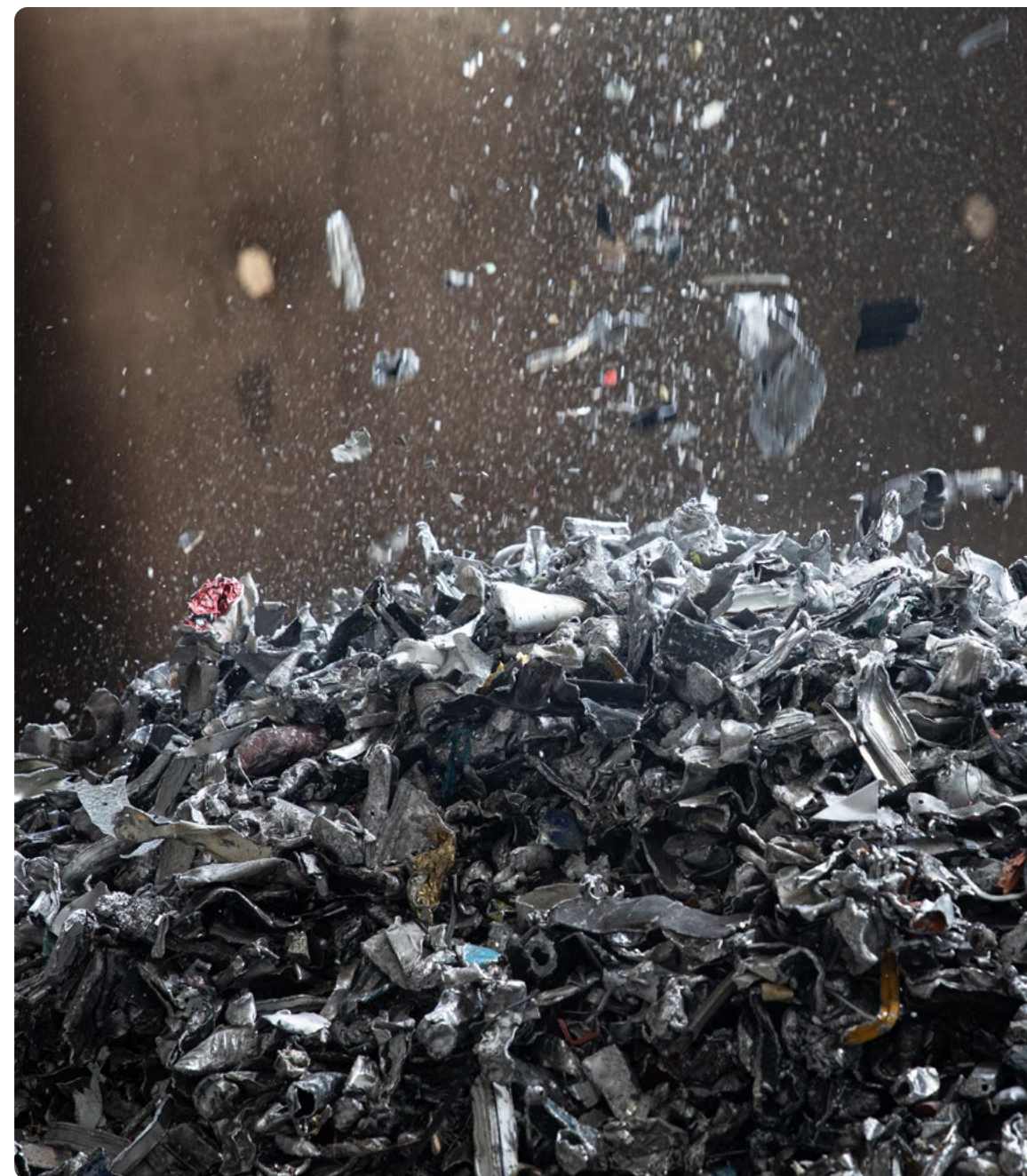
which was adopted as the methodological framework for identifying and structuring the most relevant ESG areas in the assessment of suppliers. At the same time, work has begun on drafting the Sustainable Procurement Policy and the Supplier Code of Conduct, with the aim of formalising principles, criteria and expectations regarding responsible procurement and progressively integrating ESG considerations into procurement-related decision-making processes. As part of supply chain management, direct discussions are also held with suppliers on commercial and production matters, with particular attention paid to the progress of orders and specific operational requirements; whilst these activities currently serve as an operational safeguard, they have not yet been formalised into a structured, documented audit process.

G1-3

Prevention and detection of corruption

In line with the principles of integrity, legality and transparency already referred to in point ESRS G1-1, Zato ensures the prevention and detection of any unlawful or non-compliant conduct through specific governance and internal control mechanisms, including the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 and the whistleblowing scheme. During 2025, as part of the verification activities for the 231 Model, discussions were held with the business units most exposed to risks of non-compliance. Reports are handled by the Supervisory Body, whilst ensuring confidentiality and protecting the whistleblower.

Aluminium
crushed
by a hammer
mill
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G1-4

Confirmed instances of corruption

There were no instances of corruption or fines for legal non-compliance during the reporting period.

	2025	2024
Number of convictions handed down for breaches of the laws against corruption and bribery	0	0
Amount of fines imposed for breaches of the laws against corruption and bribery	0	0

G1-5

Political influence and lobbying

Zato is a member of the leading trade associations in its sector, both in Italy and abroad, contributing to discussions on legislative, regulatory and industrial developments affecting the metal recycling and recovery sector.

This sector includes, amongst others, Confindustria, BDSV in Germany, REMA in the United States, ARI in France and Federrec in Spain. Through its involvement in these industry bodies, Zato keeps abreast of key developments in the sector and contributes to the dialogue on topics relating to innovation, competitiveness and the sustainability of the supply chain.

This commitment is consistent with the company’s role as an active industrial player at a strategic stage in the metal circularity value chain and reinforces its determination to contribute, through industry dialogue, to the widespread adoption of responsible practices and the development of the sector’s regulatory framework. During 2025, Zato did not make any direct political contributions as a defining feature of its approach.

G1-6

Payment practices

	Unit of measurement	2025	2024
Average time (in days) taken to pay invoices	days	150	150
Percentage of payments made in accordance with standard payment terms	%	100	100
Number of legal proceedings currently pending due to late payments	Number	0	0

Governance Actions and Targets

Actions

During 2025, Zato defined a series of priority actions aimed at strengthening its corporate conduct and sustainability governance, in line with the findings of the double materiality analysis and with evolving regulatory and market expectations.

The initiatives launched focus in particular on strengthening supply chain oversight, consolidating internal controls and risk management, and developing organisational tools to support cybersecurity and data quality.

This includes the design of a vendor rating system incorporating ESG factors into supplier assessments; the launch of the process to bring procedures and documentation into line with the NIS2 Directive; cyber maturity assessments, testing, reporting and remediation activities aimed at strengthening internal controls and cyber risk management; and the improvement of CRM management through the cleansing and updating of customer and prospect records.

Objectives

Objectives	Actions	Target	Time horizon	Progress
To develop and implement a corporate procurement policy that sets out ESG criteria for the selection and assessment of suppliers	Development of the Procurement Policy Sustainability and the Supplier Code of Conduct	Formalisation of ESG criteria in procurement processes and supplier evaluation	2026	Currently in progress
Strengthening internal controls and risk management through full compliance with the NIS2 regulations	Continuation of the process of aligning with NIS2, building on the risk assessment activities already underway	Alignment of procedures and documentation with the applicable requirements	2026	Currently in progress
To develop the corporate governance model in line with the sustainability strategy that has been adopted	Launch of the process to become a Benefit Corporation	Adoption of the Benefit Corporation model	2026	At the planning stage

06.

Annex

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ESRS 2 IRO-2 Disclosure requirements for ESRs covered by the company's Sustainability Statement

ESRS MDR-M METRICS – Metrics relating to material sustainability issues

Table referring to other EU legislative acts

Glossary of Acronyms



SASB Table of Contents

Topic	Accounting metrics	Stakeholder	Unit of measurement	Code	Response
Energy management	(1) Total energy consumed, (2) percentage of electricity from the grid, (3) renewable percentage	Quantitative	Gigajoule (GJ), Percentage (%)	RT-IG-130a.1	(1) 1,859.04 GJ * (2) 26.07 % (3) 25.10 % [See section E1-5: Energy consumption and mix]
Health and safety of the workforce	(1) Total recordable injury rate (TRIR), (2) fatality rate, and (3) near-miss frequency rate (NMFR) for (a) direct employees and (b) contract staff	Quantitative	Rate	RT-IG-320a.1	1) 2.14% ** [See ESRS section S1-14: Health and safety metrics] (2) 0% [ESRS S1-14 Health and safety metrics] (3) System introduced in 2025, [Data will be available from 2026]
Energy efficiency and emissions during use phase	Weighted average fuel efficiency based on fleet sales for medium and heavy-duty vehicles	Quantitative	Litres per 100 tonnes-kilometres	RT-IG-410a.1	N/A
	Energy efficiency, weighted by sales, for non-road mobile ma- chinery	Quantitative	Litres per hour	RT-IG-410a.2	N/A
	Energy efficiency, weighted by sale,s for stationary generators	Quantitative	Kilojoules per litre	RT-IG-410a.3	N/A
	Sales-weighted average emissions of (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) railway diesel engines, (c) medium- and heavy-duty on-road engines, and (d) other non-road diesel engines	Quantitative	Grams per kilojoule	RT-IG-410a.4	N/A
Procurement of materials	Description of the risk management process associated with the use of critical materials	Discussion and analysis	N/A	RT-IG-440a.1	See Section G1-2: Management of relationships with suppliers; Section E5: Use of resources and circular economy; ESRS 2 – SBM-3: Material impacts, risks and opportunities
Design and refurbishment services	Revenue from refurbished products and refurbishment services	Quantitative	Reporting currency	RT-IG-440b.1	N/D
Activity metrics	Number of units produced by product category (1) agricultural and construction vehicles and machinery (2) engines and power-generating equipment (3) parts and components	Quantitative	Number	RT-IG-000.A	N/D
	Number of employees	Quantitative	Number	RT-IG-000.B	56 [See section S1-6: Characteristics of the company's employees]

Methodological notes

* Total energy consumption (RT-IG-130a.1) is expressed in gigajoules (GJ), in accordance with the provisions of the SASB standard for the Industrial Machinery & Goods sector. When converting fuels and biofuels into GJ, the higher heating value (HHV) figures, also known as gross calorific value (GCV) figures, are used, in line with the conversion factors recommended by the CDP.

** The Total Recordable Incident Rate (TRIR) (RT-IG-320a.1) is calculated using the formula set out in the SASB standard: (number of events × 200,000) / total hours worked in the reference year.

ESRS 2 IRO-2

Disclosure requirements in ESRS covered by the undertaking's sustainability report

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GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	20
GOV-3	Incorporating sustainability performance into incentive schemes	20
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SBM-3	Material impacts, risks, and opportunities and their interaction with the strategy and business model	29
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IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability report	35
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E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	44
E1-7	GHG removal and mitigation projects funded through carbon credits	NA
E1-8	Internal carbon pricing	NA
E1-9	Expected financial impacts of physical and transition risks, and climate-related opportunities	NA

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E2-3	Description of the processes for identifying and assessing material climate-related impacts, risks and opportunities	Not material
E2-4	Policies relating to climate change mitigation and adaptation	Not material
E2-5	Actions and resources in relation to climate change policies	Not material
E2-6	Targets related to climate change mitigation and adaptation	Not material

RS E3 – Water and marine resources

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E3-1	Policies relating to pollution	Not material
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E3-3	Description of the processes for identifying and assessing material climate-related impacts, risks and opportunities	Not material
E3-4	Policies relating to climate change mitigation and adaptation	Not material
E3-5	Actions and resources in relation to climate change policies	Not material

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ESRS MDR-M METRICS

Metrics in relation to material sustainability

For each metric in this Sustainability Statement, the methodologies and significant assumptions adopted are described in detail in the relevant sections.

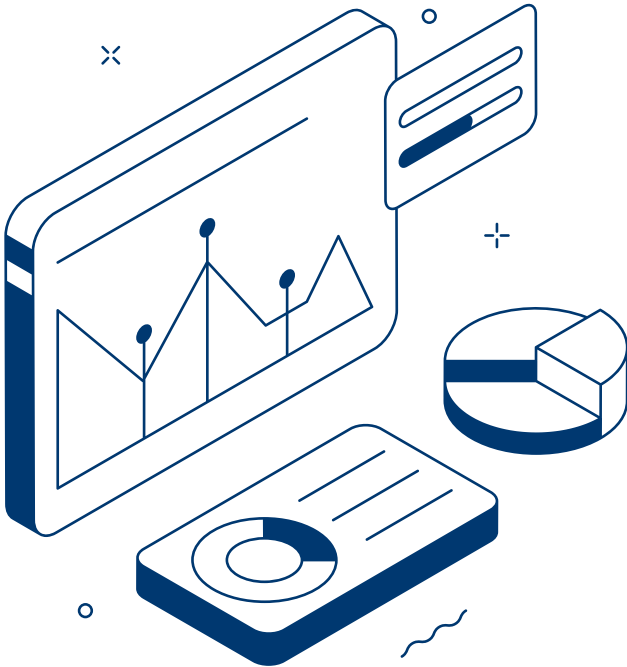


TABLE REFERRING TO OTHER EU LEGISLATIVE ACTS

The table below has been included, as required by Appendix B of ESRS 2, to make it easier to locate the information contained in this Sustainability Statement that is derived from other EU legislative acts.

Disclosure obligation and corresponding information element	SFDR reference	Third pillar reference	Reference to benchmark regulation	Reference to EU climate legislation	Reference in sustainability reporting
ESRS 2 GOV-1 Gender diversity on the board, paragraph 21(d)	Annex I, Table 1, indicator No. 13	—	Commission Delegated Regulation (EU) 2020/1816 , Annex II	—	18
ESRS 2 GOV-1 Percentage of independent members of the board of directors, paragraph 21(e)		—	Commission Delegated Regulation (EU) 2020/1816 , Annex II	—	18
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Annex I, Table 3, indicator No. 10	—	—	—	21
ESRS 2 SBM-1 Involvement in activities related to the fossil fuels sector, paragraph 40(d)(i)	Annex I, Table 1, indicator No. 4	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28), Table 1 – Qualitative information on environmental risk and Table 2 – Qualitative information on social risk	Commission Delegated Regulation (EU) 2020/1816, Annex II	—	27
ESRS 2 SBM-1 Involvement in activities relating to the production of chemicals, paragraph 40(d)(iii)	Annex I, Table 2, indicator No. 9	—	Commission Delegated Regulation (EU) 2020/1816, Annex II	—	27
ESRS 2 SBM-1 Involvement in activities relating to controversial weapons, paragraph 40(d)(iii)	Annex I, Table 1, indicator No. 14	—	Article 12(1) of Delegated Regulation (EU) 2020/1818 (29) and Annex II to Delegated Regulation (EU) 2020/1816	—	27
ESRS 2 SBM-1 Involvement in activities relating to the cultivation and production of tobacco, paragraph 40(d)(iv)	—	—	Article 12(1) of Delegated Regulation (EU) 2020/1818 and Annex II to Delegated Regulation (EU) 2020/1816	—	27
ESRS E1-1 Transition plan to achieve climate neutrality by 2050, paragraph 14	—	—	—	Article 2(1) of Regulation (EU) 2021/1119	39

Disclosure obligation and corresponding information element	SFDR reference	Third pillar reference	Reference to the benchmark regulation	Reference to EU climate legislation	Reference in sustainability reporting
ESRS E1-1 Companies excluded from benchmark indices aligned with the Paris Agreement, paragraph 16(g)	—	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking portfolio – Indicators of potential transition risk associated with climate change: Credit quality of exposures by sector, issue and remaining maturity	Article 12(1), (d) to (g) and (2) of the Delegated Regulation (EU) 2020/181	—	39
ESRS E1-4 GHG emission reduction targets, paragraph 34	Annex I, Table 2, indicator No. 4	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking portfolio – Indicators of potential transition risk associated with climate change: alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818	—	42
ESRS E1-5 Energy consumption from fossil fuels, broken down by source (climate-intensive sectors only), paragraph 38	Annex I, Table 1, indicator No. 5, and Annex I, Table 2, indicator No. 5	—	—	—	43
ESRS E1-5 Energy consumption and mix, paragraph 37	Annex I, Table 1, indicator No. 5	—	—	—	43
ESRS E1-5 Energy intensity associated with activities in sectors with a high climate impact, paragraphs 40 to 43	Annex I, Table 1, indicator No. 6	—	—	—	43
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions, paragraph 44	Annex I, Table 1, indicators 1 and 2	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking portfolio – Indicators of potential transition risk associated with climate change: Credit quality of exposures by sector, issue and remaining maturity	Article 5(1), Article 6 and Article 8(1) of Delegated Regulation (EU) 2020/1818	—	44
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Annex I, Table 1, indicator No. 3	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking portfolio – Indicators of potential transition risk associated with climate change: alignment metrics	Article 8(1) of Regulation Delegated(EU) 2020/1818	—	44
ESRS E1-7 GHG removals and carbon credits, paragraph 56	—	—	—	Article 2(1) of Regulation (EU) 2021/1119	NA

Disclosure obligation and corresponding information element	SFDR reference	Third pillar reference	Reference to the benchmark regulation	Reference to EU climate legislation	Reference in sustainability reporting
ESRS E1-9 Exposure of the benchmark index portfolio to climate-related physical risks, paragraph 66	—	—	Annex II to Delegated Regulation (EU) 2020/1818 and Annex II to Delegated Regulation (EU) 2020/1816	—	NA
ESRS E1-9 Breakdown of monetary amounts by acute and chronic physical risk, paragraph 66(a)	—	Article 449a of Regulation (EU) No 575/2013; points 46 and 47 of the Regulation Commission Implementing Regulation (EU) 2022/2453; Form 5: Banking portfolio – Indicators of potential physical risk associated with climate change: exposures subject to physical risk	—	—	NA
ESRS E1-9 Location of significant activities subject to material physical risk, paragraph 66(c)					
ESRS E1-9 Breakdown of the carrying value of the undertaking's real estate assets by energy-efficiency classes, paragraph 67(c)	Article 449a of Regulation (EU) No 575/2013; point 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Banking portfolio – Indicators of potential transition risk associated with climate change: loans secured by property – Energy efficiency of collateral	—	—	—	NA
ESRS E1-9 The extent to which the portfolio is exposed to climate-related opportunities, paragraph 69	Annex II to Delegated Regulation (EU) 2020/1818	—	—	—	NA
ESRS E2-4 Quantity of each pollutant listed in Annex II to the E-PRTR Regulation (European Pollutant Release and Transfer Register) released into the air, water and soil, paragraph 28	Annex I, Table 1, indicator No. 8; Annex I, Table 2, indicator No. 2; Annex I, Table 2, Indicator No. 1; Annex I, Table 2, indicator No. 3	—	—	—	Not material
ESRS E3-1 Water and marine resources, paragraph 9	Annex I, Table 2, indicator No. 7	—	—	—	Not material
ESRS E3-1 Dedicated policy, paragraph 13	Annex I, Table 2, indicator No. 8	—	—	—	Not material
ESRS E3-1 Sustainability of the oceans and seas, paragraph 14	Annex I, Table 2, indicator No. 12	—	—	—	Not material
ESRS E3-4 Total recycled and reused water, paragraph 28(c)	Annex I, Table 2, indicator No. 6.2	—	—	—	Not material

Disclosure obligation and corresponding information element	SFDR reference	Third pillar reference	Reference to the benchmark regulation	Reference to EU climate legislation	Reference in sustainability reporting
ESRS E3-4 Total water consumption in m³ relative to revenue from own operations, paragraph 29	Annex I, Table 2, indicator No. 6.1	—	—	—	Not material
ESRS 2 IRO-1 – E4 paragraph 16(a)(i)	Annex I, Table 1, indicator No. 7	—	—	—	46
ESRS 2 IRO-1 – E4 paragraph 16(a)(b)	Annex I, Table 2, indicator No. 10	—	—	—	46
ESRS 2 IRO-1 – E4 paragraph 16(a)(c)	Annex I, Table 2, indicator No. 14	—	—	—	46
ESRS E4-2 Sustainable agricultural and land-use policies or practices, paragraph 24(b)	Annex I, Table 2, indicator No. 11	—	—	—	NA
ESRS E4-2 Sustainable practices or policies for the use of the sea/oceans, paragraph 24(c)	Annex I, Table 2, indicator No. 12	—	—	—	NA
ESRS E4-2 Policies aimed at tackling deforestation, paragraph 24(d)	Annex I, Table 2, indicator No. 15	—	—	—	NA
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Annex I, Table 2, indicator No. 13	—	—	—	54
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, Table 1, indicator No. 9	—	—	—	54
ESRS 2 – SBM3 – S1 Risk of forced labour, paragraph 14(f)	Annex I, Table 3, indicator No. 13	—	—	—	58
ESRS 2 – SBM3 – S1 Risk of forced labour, paragraph 14(g)	Annex I, Table 3, indicator No. 12	—	—	—	58
ESRS S1-1 Political commitments regarding human rights, paragraph 20	Annex I, Table 3, indicator No. 9, and Annex I, Table 1, indicator No. 11	—	—	—	NA
ESRS S1-1 Policies on due diligence in relation to the matters covered by International Labour Organisation Core Conventions Nos. 1 to 8, paragraph 21	—	—	Commission Delegated Regulation (EU) 2020/1816, Annex II	—	59

Disclosure obligation and corresponding information element	SFDR reference	Third pillar reference	Reference to the benchmark regulation	Reference to EU climate legislation	Reference in sustainability reporting
ESRS S1-1 Procedures and measures to prevent human trafficking, paragraph 22	Annex I, Table 3, indicator No. 11	—	—	—	59
ESRS S1-1 Prevention policy or workplace accident management system, paragraph 23	Annex I, Table 3, indicator No. 1	—	—	—	59
ESRS S1-3 Mechanisms for handling complaints, paragraph 32(c)	Annex I, Table 3, indicator No. 5	—	—	—	60
ESRS S1-14 Number of deaths and the number and rate of work-related accidents, paragraph 88(b) and (c)	Annex I, Table 3, indicator No. 2	—	Commission Delegated Regulation (EU) 2020/1816, Annex II	—	67
ESRS S1-14 Number of days lost due to injuries, accidents, fatal accidents or illness, paragraph 88(e)	Annex I, Table 3, indicator No. 3	—	—	—	67
ESRS S1-16 Unresolved gender pay gap, paragraph 97(a)	Annex I, Table 1, indicator No. 12	—	Commission Delegated Regulation (EU) 2020/1816, Annex II	—	68
ESRS S1-16 Excessive pay gap in favour of the chief executive, paragraph 97(b)	Annex I, Table 3, indicator No. 8	—	—	—	68
ESRS S1-17 Incidents relating to discrimination, paragraph 103(a)	Annex I, Table 3, indicator No. 7	—	—	—	68
ESR S1-17 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 104(a)	Annex I, Table 1, indicator No. 10, and Annex I, Table 3, indicator No. 14	—	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	—	68
ESRS 2 SBM-3 – S2 Serious risk of child labour or forced labour in the supply chain, paragraph 11(b)	Annex I, Table 3, indicators Nos. 12 and 13	—	—	—	70
ESRS S2-1 Political commitments on human rights, paragraph 17	Annex I, Table 3, indicator No. 9, and Annex I, Table 1, indicator No. 11	—	—	—	71
ESRS S2-1 Policies relating to workers in the value chain, paragraph 18	Annex I, Table 3, indicators Nos. 11 and 4	—	—	—	71

Disclosure obligation and corresponding information element	SFDR reference	Third pillar reference	Reference to the benchmark regulation	Reference to EU climate legislation	Reference in sustainability reporting
ESRS S2-1 Failure to comply with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 19	Annex I, Table 1, indicator No. 10	—	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	—	71
ESRS S2-1 Policies on due diligence in relation to the matters covered by International Labour Organisation Core Conventions Nos. 1 to 8, paragraph 19	—	—	Commission Delegated Regulation (EU) 2020/1816, Annex II	—	71
ESRS S2-4 Human rights issues and incidents within its upstream and downstream value chain, paragraph 36	Annex I, Table 3, indicator No. 14	—	—	—	72
ESRS S3-1 Political commitments regarding human rights, paragraph 16	Annex I, Table 3, indicator No. 9, and Annex I, Table 1, indicator No. 11	—	—	—	74
ESRS S3-1 Failure to comply with the United Nations Guiding Principles on Business and Human Rights, the ILO principles or the OECD Guidelines, paragraph 17	Annex I, Table 1, indicator No. 10	—	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	—	74
ESRS S3-4 Human rights issues and incidents, paragraph 36	Annex I, Table 3, indicator No. 14	—	—	—	74
ESRS S4-1 Policies relating to consumers and end-users, paragraph 16	Annex I, Table 3, indicator No. 9, and Annex I, Table 1, indicator No. 11	—	—	—	77
ESRS S4-1 Failure to comply with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 17	Annex I, Table 1, indicator No. 10	—	Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818	—	77
ESRS S4-4 Human rights issues and incidents, paragraph 35	Annex I, Table 3, indicator No. 14	—	—	—	77
ESRS G1-1 United Nations Convention against Corruption, paragraph 10(b)	Annex I, Table 3, indicator No. 15	—	—	—	83
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	Annex I, Table 3, indicator No. 6	—	—	—	83

Disclosure obligation and corresponding information element	SFDR reference	Third pillar reference	Reference to the benchmark regulation	Reference to EU climate legislation	Reference in sustainability reporting
ESRS G1-4 Fines imposed for breaches of the laws against active and passive bribery, paragraph 24(a)	Annex I, Table 3, indicator No. 17	—	Annex II to Delegated Regulation (EU) 2020/1816	—	85
ESRS G1-4 Provisions on combating active and passive corruption, paragraph 24(b)	Annex I, Table 3, indicator No. 16	—	—	—	85

GLOSSARY OF ACRONYMS

ESG

ENVIRONMENTAL, SOCIAL & GOVERNANCE
THE THREE PILLARS OF SUSTAINABILITY

BP

BASIS FOR PREPARATION (BP-1, BP-2)

IRO

IMPACTS, RISKS & OPPORTUNITIES

MDR-P

MINIMUM DISCLOSURE REQUIREMENT POLICIES

ESRS

EUROPEAN SUSTAINABILITY REPORTING
STANDARDS

GOV

GOVERNANCE — DISCLOSURES RELATING
TO ESG GOVERNANCE (GOV 1-5)

DR

DISCLOSURE
REQUIREMENT

MDR-M

MINIMUM DISCLOSURE REQUIREMENT
METRICS

ESRS 2

CROSS-CUTTING STANDARDS ON GENER-
AL DISCLOSURE REQUIREMENTS

SBM

STRATEGY & BUSINESS MODEL
(SBM 1-3)

MDR

MINIMUM DISCLOSURE
REQUIREMENTS

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