



ESG & SUSTAINABILITY ANNUAL REPORT 2023

LOOKING
AHEAD
TO A
**BRIGHTER
FUTURE**



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MESSAGE TO OUR STAKEHOLDERS

“ For us, the owners, and for the people working at SPAC, our second ESG & Sustainability Annual Report is living testimony to an evolutionary journey we have been taking for over 50 years. We have always believed that the need for ongoing improvement is paramount, and we have consequently acted accordingly, whether in R&D or process innovation.

If the first year was fertile ground for recognising how much the company has achieved and can still achieve from the standpoint of sustainable development, the 2023 edition of the ESG & Sustainability Annual Report intends to confirm that the path chosen is the right one with respect to a topic that has become so relevant in today's world. The result of tenacity, commitment and great passion, this ESG & Sustainability Annual Report fully reflects the traditional imprint of a business established in the Vicenza area of the Val Chiampo valley, adopting family-run governance and closely linked to the environment of its origins, but with a forward-looking stance focused on progress. This mission originates from the brilliant intuition of Giuseppe Bedeschi, which has spanned the ski market in the Montebelluna area of Italy, the strategic vision of his son Giuliano, and the entrepreneurial restructuring undertaken in the early 2000s. We have taken up the gauntlet from Giuliano, who sadly left us in May this year, with a view to keeping the determination and healthy ambition alive that have steered our business organisation, responsibly and confidently towards the future.

Our approach is thus aimed at sustainability, a topic embracing not only environmental and governance aspects, but also social ones. The focus SPAC places on the people who form the company's powerhouse, and its external interlocutors has become sharper over time, which gave impetus to the desire to implement the procedure for gaining Gender Equality Certification at the beginning of 2023. Inclusion, integration and equal opportunity are the fundamental building blocks for ensuring that our employees have the opportunity to work in a progressive professional environment.

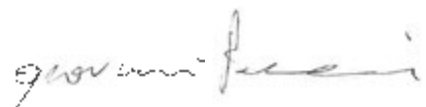
For this reason, within our value chain we aim to continue to set sustainability as the mould for our vision, ensuring fairness in the opportunities offered for professional advancement, as well as in corporate welfare policies. In our operating environment, which has always been oriented towards enhancing diversity and marked by projects supporting women and families, the new Certification is a further step to validate these values.

After all, excellence emerges not only from maintaining the dependability of processes, materials and goods, but also from the ability to guarantee the safety of production facilities, the solidity of the company's financial position, the quality of its relationships with stakeholders, the care dedicated to human capital and ongoing integration in the social environment and the local community. SPAC aims to cultivate each of these goals and intends to take this step by recounting its commitment to these values in this new ESG & Sustainability Annual Report, a symbol of what has been achieved so far and testimony to the goals we still aim to achieve together.

Edoardo Bedeschi
CEO SPAC SPA



Giovanni Bedeschi
CEO SPAC SPA



”

The background of the entire image is a light cream or off-white color, densely populated with small, irregular speckles. Most of these speckles are a bright yellow or orange color, while a smaller number are black. The speckles are scattered across the entire surface, creating a textured, speckled effect.

01

The background of the image is an abstract composition. It features a central horizontal band of solid green color. Above and below this band are areas of vibrant yellow and black, with white splatters and droplets scattered throughout, creating a dynamic, textured effect.

SPAC SPA: A 50-YEAR JOURNEY ON THE ROAD TO SUSTAINABILITY

THE SPAC SPA ORGANISATION

SPAC SpA is a company founded in 1973 in the province of Vicenza, Italy, by the Bedeschi family that still sits in the driving seat today.

SPAC was founded over fifty years ago in the heart of the tanning production district, offering the market a competitive alternative to leather on an industrial level. The company consists of 2 production sites:

- The Arzignano site, in the province of Vicenza, specialising in the production of PVC and Polyurethane (PU) film-coated products.
- The VEGAM division, in Alonte, also in the province of Vicenza, specialising in the lamination of technical textiles.

Today, the film-coated technical textiles, which can boast significantly reduced environmental

impacts, have become key in highly diverse markets ranging from clothing to footwear, and furniture to automotive.

The presence in diverse markets and a production output to date totalling over 70,000 square metres per day are the ingredients that have enabled SPAC to be recognised as a robust business, leveraging quality, flexibility and the ability to develop collaborative projects with its customers; projects have a strong emphasis on conservation, both from the standpoint of technology and product aesthetics. At the forefront of research and proposing new solutions for the future, with an ongoing focus on the analysis of environmental impacts, SPAC actively invests in infrastructure, research and development and new technologies.



SPAC AT-A-GLANCE IN 2023

93

MILLION
GENERATED SALES
REVENUE

70.000

SQM MANUFACTURED PER DAY

13.000.000

LINEAR METRES ANNUAL OUTPUT

4

LAMINATION
LINES

225

EMPLOYEES

5

COATING
LINES

2

SAMPLING
LINES

PRODUCT DISTRIBUTION

Over the years, SPAC has expanded its market distribution, becoming a global player.

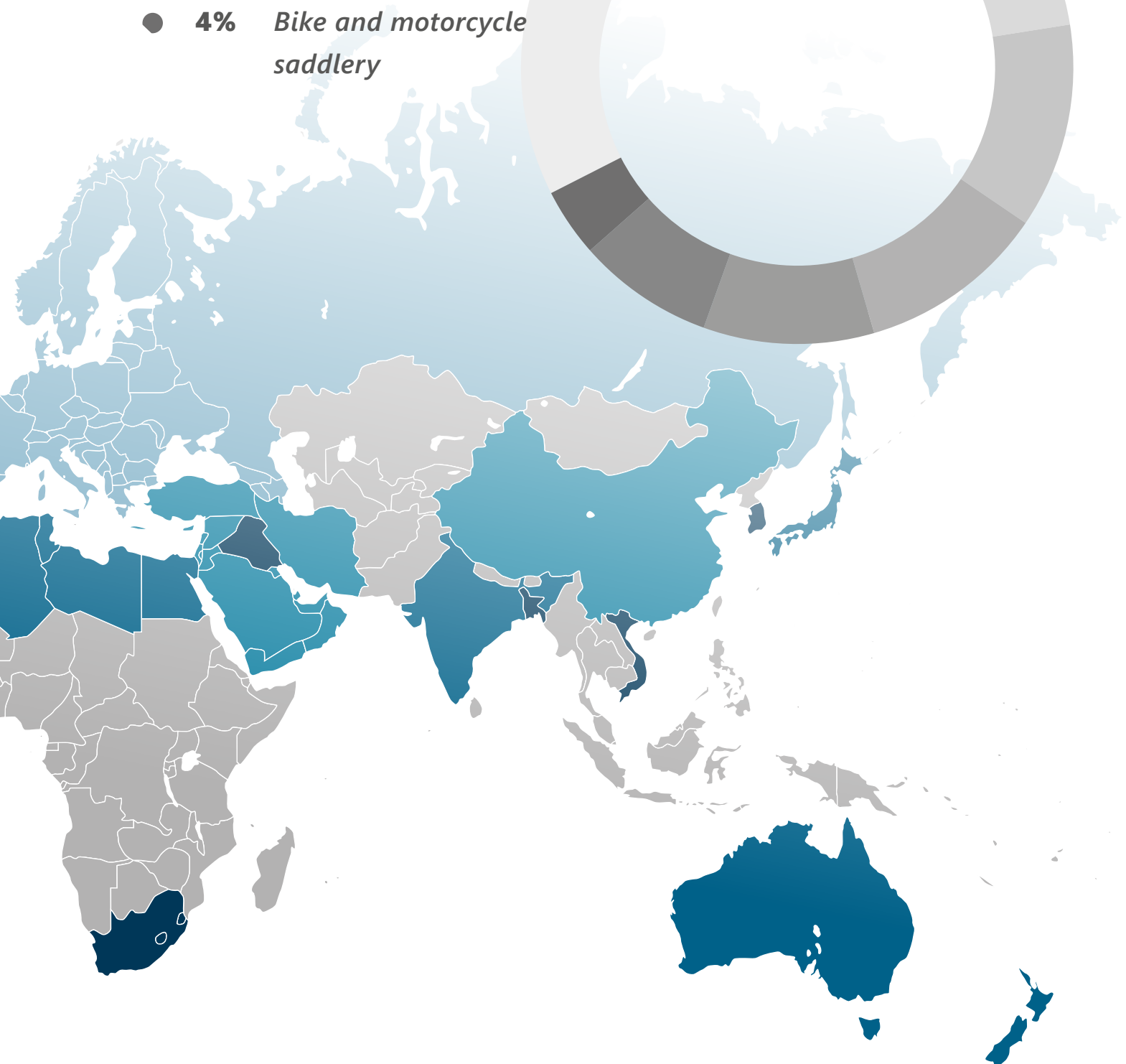
The growth and affirmation route has required an intense and constant commitment making large-scale distribution possible, with the presence in

established markets such as Europe, China and North America, but also in today's rapidly developing markets such as the Middle and Far East and India.



APPLICATION INDUSTRIES 2023

- **32%** *Automotive*
- **23%** *Sports footwear*
- **12%** *Application Tape*
- **11%** *Ski footwear*
- **10%** *Sandals*
- **8%** *Miscellaneous*
- **4%** *Bike and motorcycle
saddlery*



SPAC SPA: A 50-YEAR JOURNEY ON THE ROAD TO SUSTAINABILITY

- Giuseppe Bedeschi established, together with other local entrepreneurs, SPAC SpA, an acronym for Spreading Acrylic Polyurethanes Chiampo, launching the manufacture of plastic films.
- Two free warehouses were identified at a tannery in Chiampo (in Vicenza province), where a small coating line was installed.

- After identifying the most promising commercial outlet in the industrial district of Montebelluna, the first ISOTEX industrial coating line was purchased and installed.



- Share capital passed entirely to the Bedeschi Family.

1973

1975

1981

● The company moved to new headquarters in Arzignano, province of Vicenza. Two new 3 and 4-head coating lines were installed. Giuliano Bedeschi, Giuseppe's oldest son, joined the team at SPAC.



In Arzignano, the subsidiary VEGAM Srl was established for the manufacture of laminated materials, complementary to PVC film

● **PAGE 20-21**

● Two new 2-head and 5-head ISOTEX coating lines began operation and two afterburners were installed, the first airborne substance abatement system in the area.



1986

1993

1998

● The company was awarded the Quality Management System Certification, UNI EN ISO 9001 for rubber and plastic products. A developable area of 34.000 square metres was purchased in Alonte, Vicenza province, for building a new production unit.



2003

● Giuliano Bedeschi was appointed CEO and, at the same time, the next generation, Giovanni and Edoardo, became directors.



All shares in VEGAM Srl were purchased and a resolution adopted to merge the company by incorporation into SPAC SPA. A new two-storey coating line was put into production. The company was awarded the Environmental Management System Certification, UNI EN ISO 14000 for rubber and plastic products.

2004

2007

The covered industrial building, exceeding 9,000 sqm in Alonte was completed, where the VEGAM laminating division was transferred. The new integrated IT system became operational.



2013

On the former VEGAM site area, a new 5.500 sqm building was erected housing the sorting department and finished goods warehouse.



2014
/15

SPAC's sales revenue climbed to EUR 50 million.

A new 2-head coating line and a new afterburner were installed.

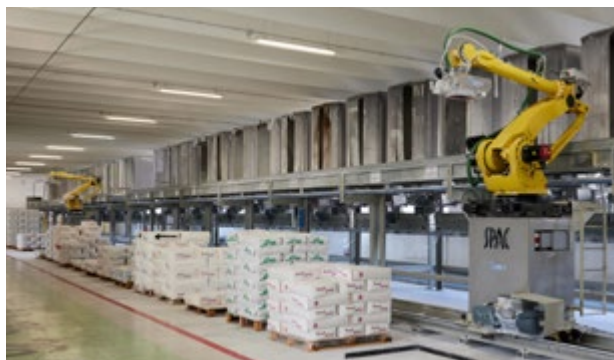


ISO TS 16949:2009 certification was obtained, and industrial production of automotive articles was launched. With an Industry 4.0 perspective, a number of coating lines were upgraded



The new trademark "TECHNOLIFE" was registered

TECHNOLIFE



SPAC's sales revenue topped EUR 75 million. A new robotic PVC compound preparation line and a new embossing line were installed.

2016

2018

2020



The company's first Sustainability Annual Report was published



Environmental certification was obtained (EPD) for 3 classes of film coated articles and the GRS:2017 certification relating to the production, finishing and laminating textiles. The new post-combustion fume plant with 5 ceramic chambers became operational.

GRS:2017 certification was extended to the coating division, obtaining the RCS 2.0 certification (Recycled Claim Standard) that certifies products obtained from recycled materials. The "GreenLife", "BlueLife" and "EarthLife" coating product lines formulated with bio-based raw materials were launched. The brand new 6-head ISOTEX line was completed and became operational.



2021

2022

2023



VEGAM: THE BEGINNINGS

Before 1993, VEGAM was a company with registered and operational headquarters in Marcon, province of Venice, with owner, Mr Vetta at the helm, aided by Mr Mazzariol, a skilled and passionate technical specialist. Initially, VEGAM partnered with SPAC for the supply of primary materials and laminated textiles. Following agreements between the two owners, a 60% equity interest was purchased in VEGAM by the Bedeschi Family and the business transferred to a large warehouse adjacent to SPAC. VEGAM quickly achieved net improvement in its operating range, thanks also to technological upgrading of the renewed manufacturing lines. Production increased and in addition to flame-laminating and traditional self-adhesive processing of various products, the dry-laminating technique underwent trial via the use of powders and thermos-adhesive films, totally eliminating the use of solvents.



THE GOVERNANCE STRUCTURE

SPAC is a privately owned joint-stock company (SPA) based in Via VI Strada 45 in Arzignano, in the province of Vicenza, in the production hub of the "tanning district". It has two manufacturing divisions:

- **SPAC ARTIFICIAL COATED PLASTICS**
- **VEGAM TEXTILE LAMINATES LOCATED IN ALONTE IN VICENZA PROVINCE**

The corporate governance model adopted includes the following corporate bodies:

SHAREHOLDERS' MEETING

It is the body responsible for expressing the will of the Shareholders, adopting resolutions by statutory majorities. In addition, the Shareholders' Meeting is responsible for approving the financial statements and establishing the structure of the Board of Directors and the Board of Statutory Auditors.

BOARD OF DIRECTORS (BOD)

The Board is the main body in the governance system and its members are appointed by the Shareholders' Meeting, adopting the statutory majorities and in accordance with the procedures under the Articles of Association. It is responsible for the operating and non-operating management of the company. The Board of Directors, which remains in office for 3 years, verifies the adequacy of the organisational, administrative and accounting structure, with specific reference to the internal control and risk management system. It is also responsible for determining and pursuing SPAC's strategic economic, social and environmental goals. The Board of Directors, composed of 3 members, elects the Chair and Vice-Chair with operational powers and the Managing Directors.

It meets at least twice a year or in the case of exceptional events, or whenever the nature of the decisions to be taken, so require. The members of the Board are chosen by the Shareholders' Meeting. The Board of Directors currently in office was

appointed by the Shareholders' Meeting of 18/05/2022 for the period 2022-2024 and, the appointment will expire on the date of the Shareholders' Meeting to approve the Financial Statements year ends 31/12/2024.

The selection criterion, although internal to the family that has steered SPAC since its inception, respects the requirements for competences related to the various areas of corporate management.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is appointed by the Shareholders' Meeting and oversees compliance with the law and the Articles of Association, as well as compliance with the principles of correct administration in the performance of corporate operations; the adequacy of the organisational structure, the internal control and risk management system and the corporate administrative-accounting system all fall within its oversight. It also oversees risk management, the statutory auditing of accounts and the independence of the independent auditor. The current Board of Statutory Auditors was appointed by the Shareholders' Meeting on 18/05/2022 and will remain in office for the period 2022-2024, with the appointment terminating at the Shareholders' Meeting to approve the Financial Statements year ends 31/12/2024. The Board of Statutory Auditors is composed of five members in office, including three standing auditors and two alternate auditors.

COMPOSITION OF THE CURRENT BOARD OF DIRECTORS:



Chair

Legal representative
with no executive role in the company



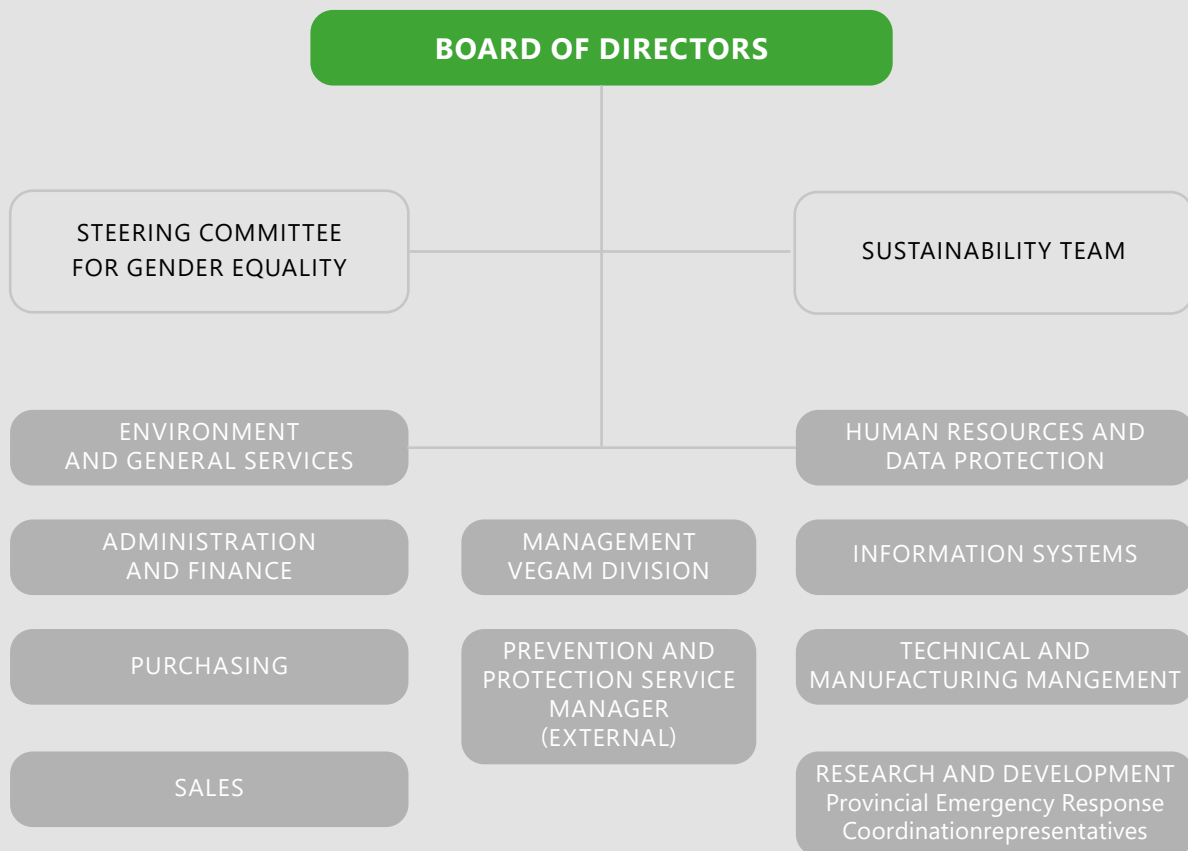
Vice-chair

with powers for the
commercial area



Vice-chair

with powers for
the manufacturing area



GOVERNANCE FOCUS ON SUSTAINABILITY

From an organisational-operating standpoint, in developing defined strategies and goals, monthly meetings are organised between the Board of Directors and management in which all topics regarding the management and development of SPAC are governed and discussed.

The operating organisation chart, despite the top-down structure and specialisation of skills, is structured to ensure effective decision-making. The Prevention and Protection Service Manager (R.S.P.P.), the Steering Committee for Gender Equality and the Sustainability Team report to the Board first, reflecting the importance and central role played by ESG topics.

Specifically, the Sustainability Team, a committee for defining and developing the sustainability roadmap and relevant reporting, oversees all aspects of sustainability, from strategy, which considers the complexity of the company, to product-linked topics. The working group is composed of the various top management teams: Human Resources, Finance and Control, Administration, Environment and Occupational Safety, Manufacturing, R&D, Sales and Purchasing. Within this structure, the Sustainability function is able to communicate effectively with the various operational and management functions on issues related to the environment and occupational safety.

The Steering Committee for Gender Equality is responsible for monitoring topics related to inclusion, gender equality and integration. The Committee is composed of the Human Resources Department, Quality-Safety-Environment and the Board of Directors.

The Chair is responsible for Human Resources and Data Protection, Environment, Administration and Finance, Purchasing, Information Systems and the Vegam Division.

The Marketing functions fall under the responsibility of the Vice-chair with oversight for all commercial matters, Sales and Technical Support.

Research and Development, Technical and Manufacturing Management, Quality Management and Quality Assurance departments report to the Vi-

ce-chair with delegated powers for these functions. Core activities for the corporate structure and directly involved in the operational management of sustainability are those related to the Occupational Health and Safety, as well as environmental management, respectively, represented by the Prevention and Protection Manager (R.S.P.P.) and the Environmental Management System Manager.

Each manager oversees their area of competence and implements all strategies useful for achieving the corporate objectives, reporting to the Board of Directors.

PERFORMANCE APPRAISAL

Performance appraisal is conducted as two distinct steps. The first is exercised by the Board of Directors on the strategic and economic performance of the Group, the second, which concerns evaluation of the Board of Directors itself, is the purview of the Shareholders' Meeting which evaluates its management performance, also with the support of the Board of Statutory Auditors. In the three-year period 2021-2023, the shareholders' meeting expressed no negative assessment on the working of the governance body (Board of Directors).

REMUNERATION POLICIES

The determination of salaries and wages is the responsibility of the Board of Directors, which reviews them annually with the support of Human Resources.

RISK MANAGEMENT AND BRAND REPUTATION

SPAC is particularly sensitive to the issue of risk management. The Governance Body is responsible for control and monitoring of impacts and risks, both

in the definition of strategies and policies and at the due diligence stage, as well as the management of stakeholder relations. Senior Management, together with the Quality-Safety-Environment function, monitors the risks related to environment, social and governance (ESG) areas via cross-departmental meetings held at regular intervals. From the standpoint of process efficiency, the Quality-Safety-Environment function identifies and manages processes aimed at constantly improving and mitigating adverse impacts. The topic of brand reputation is also considered strategic by SPAC with a view to ensuring business continuity. The company, in fact, is aware that the relational capital built over the years with the various stakeholders creates the advantage that enables the company to improve its market performance, attract new talent and develop new products - in other words - to be increasingly active and initiative-taking on the sustainability front. SPAC has so far measured this topic through market and customer-driven feedback.

BUSINESS ETHICS AND INTEGRITY

Integrity, honesty and rigorous ethical conduct have always been a part of SPAC's robust building blocks, pillars supporting the company's action towards its stakeholders, starting with employees and co-workers, extending to customers, suppliers, institutions, communities, the local areas and the environment.

To crown this vision, which actively leverages SPAC's reputation asset, in 2018, the company prepared a Code of Business Conduct that establishes the key ethical principles governing employment relationships and the importance of respect for human rights, as well as safeguarding occupational health and safety. In fact, business ethics and integrity have been established, both from a substantive as well as a formal standpoint, as the benchmark for maintaining corporate sustainability, while actions

taken on a daily basis have a direct impact on the work of the entire Group and how it is perceived externally. The Code enables compliance to be verified, when necessary, including improper attitudes, taking appropriate remedial action with a view to implementing improvements. It therefore represents a further tool in the crime prevention system that SPAC has implemented for such purposes.

With a view to strengthening the centrality of integrity and ethics in action, in December 2023, SPAC adopted the Organisational Model incorporating Management, Organisation and Control (so-called MODEL 231), a corporate organisation system that aims to prevent and combat the commission of crimes by parties acting on behalf of the company. Within Model 231, the company has established a Supervisory Body (SB), with the task of monitoring the effectiveness, operation of and compliance with the Model. The Body is accountable for its activity to the Board of Directors and remains in office for a period of 3 years.

The strengths of the Model 231 also extend to mitigation of the risk profile, internal efficiency and enhancement of competitiveness, as well as corporate image. In addition, within Model 231, the Code of Business Conduct was reviewed and extended to become an Ethical and Business Conduct Code to be shared with employees and along the value chain. In December 2023, the company adopted the Whistleblower Channel procedure, enabling the reporting of concerns

or doubts, the reporting of unlawful acts, or suggesting improvements. In accordance with regulatory standards and to protect the whistleblower from any act of retaliation, the information provided through this channel is treated as confidential, ensuring the identity of the sender is protected, as well as safeguarding information of all persons involved in the reporting process and any subsequent investigation.



ECONOMIC PERFORMANCE OUTLINING THE ROAD TO SUSTAINABILITY

SPAC contributes to the sustainable development of the area in which it operates by generating and disseminating value among stakeholders, illustrated in the graphics below.

The company is proud to claim that its corporate governance has always been marked by consistency and transparency, sharing goals, actions and results with its main stakeholders, with the aim of ensuring robust business continuity. Corporate strategies are aimed at consolidating the company's position in the reference market thanks to ongoing and significant investments in research and development, innovative manufacturing technologies and safeguards ensuring the safety of manufacturing processes and operators. These actions highlight the key value of a correctly implemented environmental policy and the impor-

tance of HSE topics for SPAC.

From the standpoint of business performance, 2023 confirmed a positive sales revenue trend which reported a result of EUR 93 million.

From the standpoint of investments in technological and process innovation and in new manufacturing lines, the company invested EUR 12.3 million in the three-year period under review.

These investments have enabled enhancement of its business performance in areas of acquiring new markets and expanding the product range offering.



CONSOLIDATED FINANCIAL STATEMENT HIGHLIGHTS

	2023	2022	2021
	€	€	€
DIRECTLY GENERATED ECONOMIC VALUE	93.034.161,48	97.528.586	88.562.851,68
DISTRIBUTED ECONOMIC VALUE	83.052.694,14	88.024.160,44	83.342.762,80
RETAINED ECONOMIC VALUE	9.981.467,34	9.504.425,56	5.220.088,88
EBITDA	16.407.996,00	13.334.973	14.910.016,68
EQUITY	74.193.847,00	67.990.301	66.226.398
NET FINANCIAL POSITION	3.501.692,00	-3.938.881	-2.922.307

DISTRIBUTED VALUE

	2023	2022	2021
	€	€	€
PUBLIC ADMINISTRATION	2.532.987,95	1.616.583,25	2.452.263,79
SUPPLIERS AND GENERAL SERVICES	63.435.433,19	70.537.894,19	59.872.902,88
FINANCIAL SPONSORS	3.551.415,00	2.376.925,00	7.394.588,00
EMPLOYEES	13.483.168,00	13.465.048,00	13.308.566,00
DONATIONS AND GIFTS	49.690,00	27.710,00	314.442,13
DISTRIBUTED ECONOMIC VALUE	83.052.694,14	88.024.160,44	83.342.762,80

FINANCIAL SUPPORT RECEIVED FROM THE GOVERNMENT

TAX RELIEF AND OTHER TAX CREDITS	731.125	803.271	3.968
TAX CREDITS FOR INVESTMENTS OR RESEARCH AND DEVELOPMENT AND OTHER RELEVANT TYPES OF GRANTS	184.421	314.271	256.143
TRAINING CONTRIBUTIONS	39.064	39.900	11.874



02

The background of the slide features a marbled paper pattern with swirling veins of red, white, and blue. A solid green horizontal band is positioned across the middle of the image, serving as a backdrop for the title text.

OUR STRATEGY FOR SUSTAINABILITY

NOTE ON THE REPORTING METHOD

SPAC SPA ESG & Sustainability Annual Report 2023 is testimony, for all stakeholders, to the will and initiative-taking commitment of the company to endorse sustainable development. This document is an assurance that the company has correctly achieved certain Sustainable Development Goals on the United Nations 2030 Agenda, now considered the reference framework for sustainability strategies.

This ESG & Sustainability Annual Report has been prepared on a voluntary basis and is a tool for reporting and disclosing not only the results achieved by SPAC in the economic, social and environmental areas, but also its vision, values and priorities in the building of a sustainability strategy.

In preparing this Report, SPAC has adopted the GRI Sustainability Reporting Standards - GRI Standards 2021 guidelines, as a reporting framework, considered among the most reliable internationally, according to the requirement, in accordance with

the reporting boundary which includes the corporate sites of the two manufacturing facilities.

- SPAC SPA, Via VI Strada 45, Arzignano, Vicenza.
- Vegam, Via Brigata Alpina Julia, 2 Alonte, Vicenza.

Disclosures and data shown in the Report have been updated to fiscal reporting period 2023 and, for certain data, a period corresponding to the three-year period 2021-2023 has been used.

The company undertakes to publish the Report yearly.

The information and data collection process was managed by SPAC General Management, in colla-

boration and in agreement with the various corporate functions, with the aim of enabling clear and precise reading of the disclosures deemed relevant and significant for stakeholders, according to the principles of:

- accuracy
- fairness
- comparability
- clarity
- timeliness
- reliability

This Sustainability Report has been prepared following the principle of materiality, a characteristic feature of the GRI Standards. The document therefore includes all topics considered necessary, following the materiality analysis discussed in the section, to reflect the impacts of SPAC's activities or to guide the decisions of its Stakeholders.



THE MATERIALITY ANALYSIS PROCESS

With the new Corporate Sustainability Reporting Directive (CSRD), sustainability reporting approaches and methods for businesses that are subject to the new directive will progressively change.

INTRODUCTION

SPAC has decided to adopt certain recommendations contained in the CSRD in advance of the provisions of the Directive itself, with the aim of steering its sustainability reporting on analysing the impacts generated, following the principle of ongoing improvement.

Regarding the materiality analysis, also for this second edition of the ESG & Sustainability Annual Report, the company has chosen to pay particular attention to the materiality of impacts and, primarily, the evolution of stakeholder engagement which from a simulated scenario has transitioned to an actual one.

This step has enabled the company to understand the relevance of its impacts along the value chain, informing the sustainability route selected.

The dual materiality analysis will temporally follow the activity conducted this year and will also see the light of day in compliance with the new ESRS standards in the upcoming 2024 ESG & Sustainability Report.

DEFINITION OF IMPACTS AND IDENTIFICATION OF MATERIAL TOPICS

The materiality of the impacts is the focus of the ESG & Sustainability Report prepared according to the GRI-Standards. The term originates in economic and financial reporting which was then borrowed by the Global Reporting Initiative to identify the threshold beyond which a topic becomes sufficiently "relevant" to generate significant, actual or potential impacts on people, the environment, the local area and human rights. The materiality analysis has been elaborated considering the guidelines of the most recent publications issued by international standards organi-

sations such as GRI (Global Reporting Initiative) and EFRAG (European Financial Reporting Advisory Group)¹.

SPAC's Sustainability team, led by a consultant, met to analyse the economic environment, the performance of corporate activities from the perspective of sustainability (analysis of market benchmarks, trend analysis and scientific outputs) and its business relationships along the entire value chain. The main impacts that SPAC generates within this context on the economy, the environment and people and human rights were thus identified. These impacts are classified as:

1. Negative or positive: an impact is defined as positive if it contributes to the sustainable progress of people, communities and the environment. By contrast, the impact is considered negative if it causes harm or disadvantages.

2. Actual or potential: an impact is considered actual when its effects have already occurred or are in progress. On the other hand, it is defined as potential when its effects could occur, but at the time of analysis they have not yet manifested themselves.

Each impact was associated with a material topic to which the team allocated a value on a scale of 1 to 5, in consideration of the relevance of the associated impacts and the current degree of governance of the topic itself - current or prospective - according to the so-called "inside out" principle.

1. EFRAG a private association founded in 2001 under the auspices of the European Commission to serve the public interest. EFRAG extended its mission in 2022 following its new role in the CSRD, providing technical advice to the European Commission for Sustainability Reporting. For info: <https://www.efrag.org>

SUSTAINABLE DEVELOPMENT GOALS

AT the same time as defining the material topics, the Sustainable Development Goals were identified within the United Nations 2030 Agenda. This international reference framework gives companies a strategic role in achieving the various goals for sustainable development.

Regarding these goals, considering the nature of the business in which SPAC engages and their impact, the following 10 Goals were identified:

- 3-Good Health and Well-being
- 4-Quality Education
- 5-Gender Equality
- 7-Affordable and Clean energy
- 8-Decent Work and Economic growth
- 9-Industry, Innovation and Infrastructure
- 12-Responsible Consumption and Production
- 13-Climate Action
- 16-Peace, Justice and Strong Institutions

These SDGs (Sustainability Development Goals) which include: 3. Health and Well-being, 4. Quality Education and 5. Gender Equality, highlight the importance of people with a focus on safety, inclusion and professional growth. These were then followed by SDG 9, placing the accent on innovation and fair, responsible and sustainable industry and SDG 12 advocating responsible consumption and production. This segment focuses on product sustainability supported by the demand of a market that is increasingly sensitive to such topics, and the innovation of processes towards a more circular economy thanks to upskilling.

Following the step defining the relevance of the

material topic and for anchoring the SDGs to identifying the relevant GRI Standards indicators, required for preparing the Sustainability Report.

2. Linking the SDGs was done via Linking the SDGs and the GRI Standards Last updated May 2022.

ANALYSIS OF STAKEHOLDER RELEVANCE

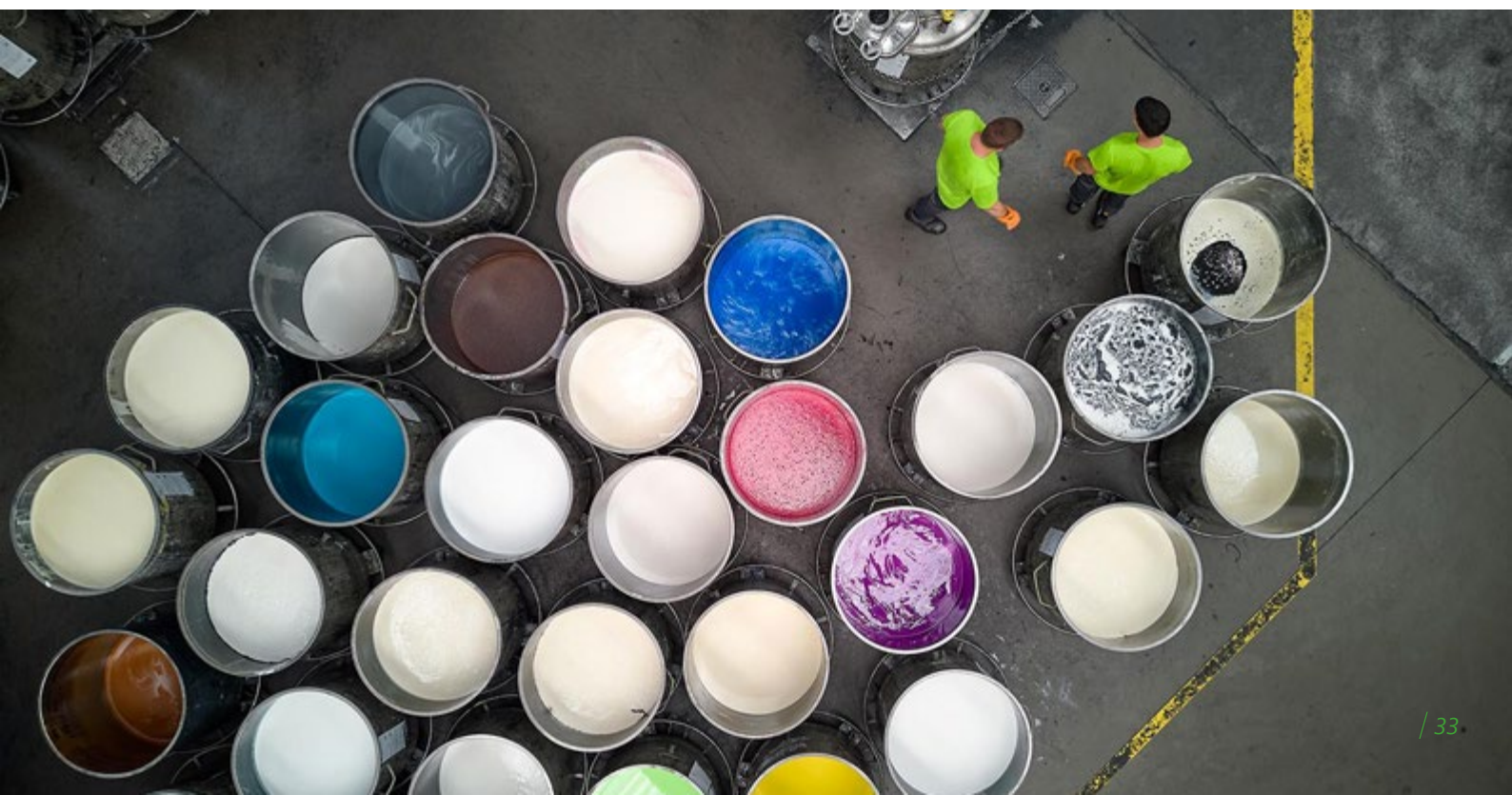
This edition of the ESG & Sustainability Report, no longer used simulated stakeholder engagement but adopted an actual stakeholder mapping after having conducted a consistent and purpose-specific analysis. Subsequently, via a questionnaire sent out to respondents, they were asked to give an evaluation on a scale of 1 to 5 and relevant feedback was collected on the various potential and generated impacts.

An opportunity was also provided to include any additional aspects or impacts not considered previously.

The stakeholder sample included employees, customers and suppliers, broken down by sector and market, financial stakeholders and trade associations.

From the analysis of the data collected and from the previous evaluations made by the company, the materiality threshold was identified for values above 3.

This classification was reported in the materiality matrix which saw values 3.0-3.5 consolidated as a "low" value, from 3.6-4.4 as a "medium" value and from 4.5-5.0 as a "high" value.

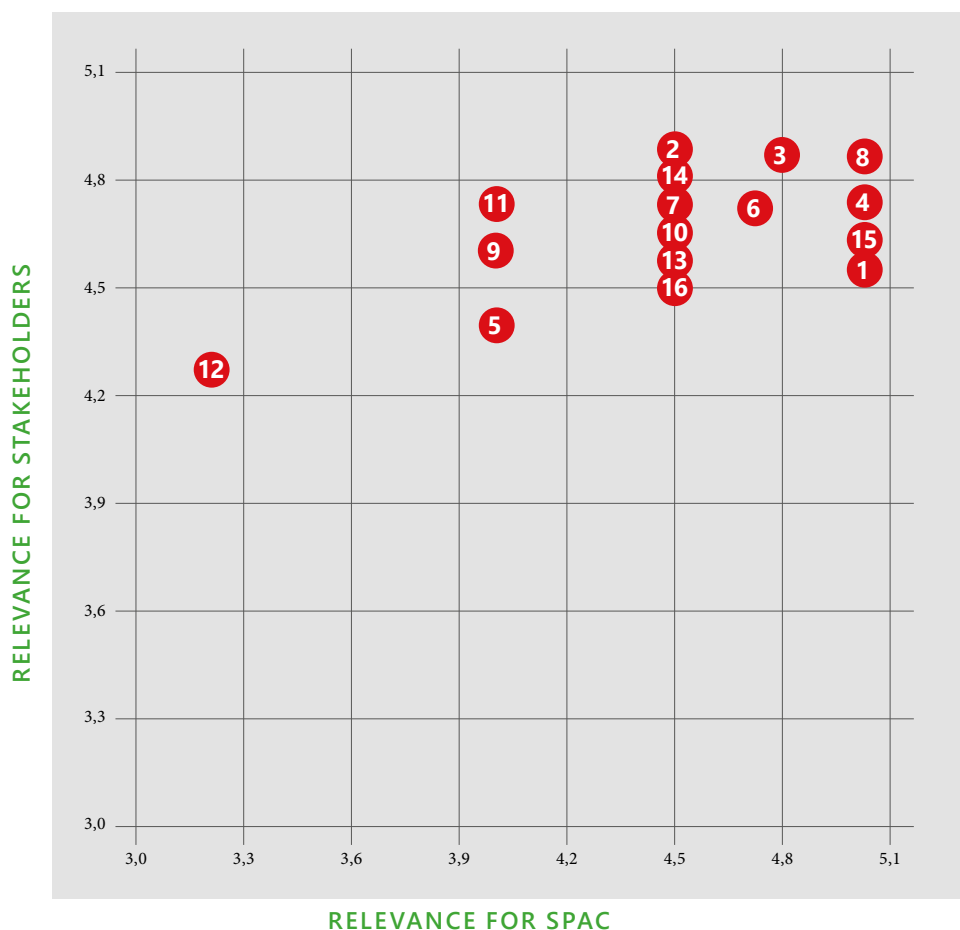


THE RELEVANCE MATRIX

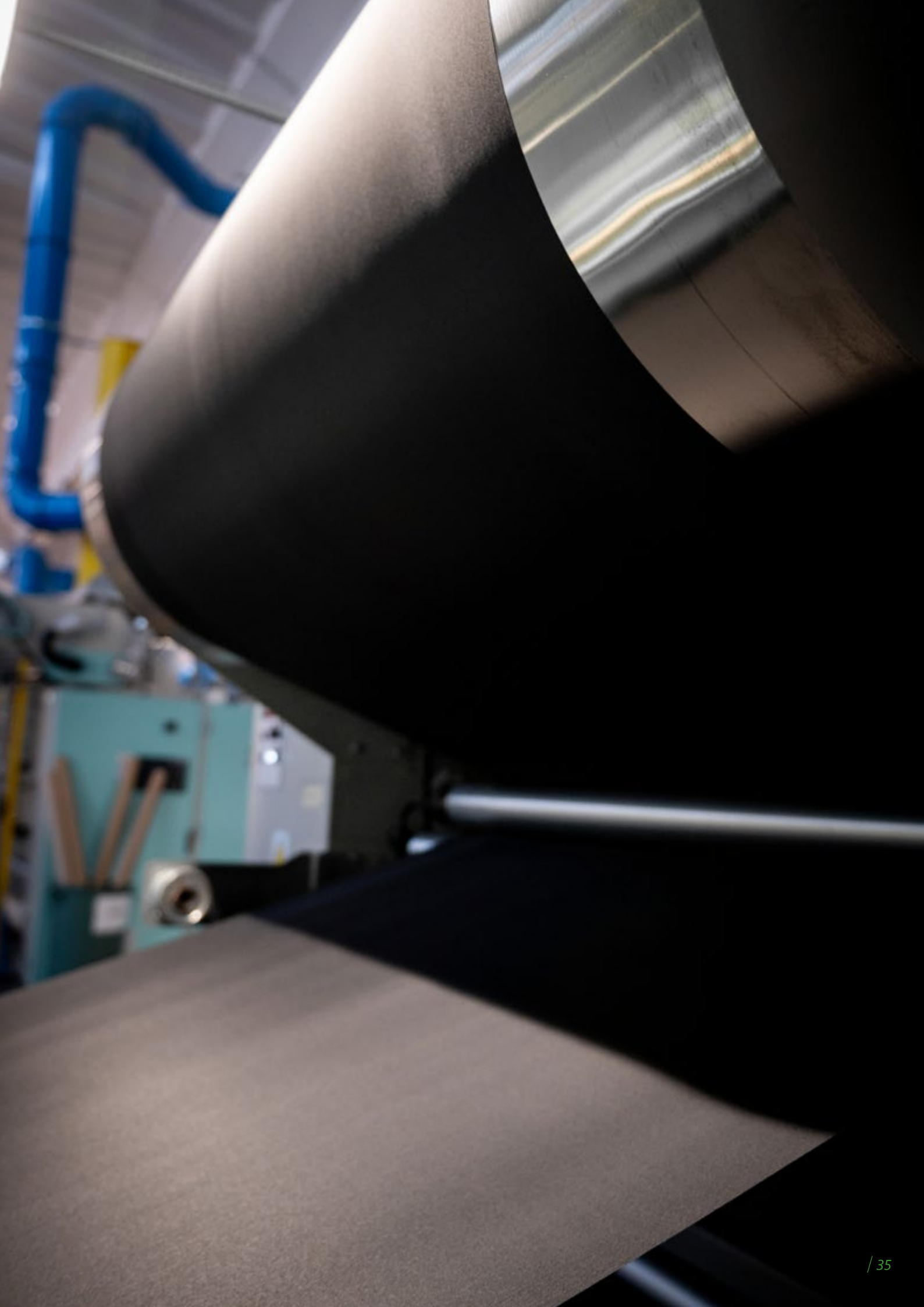
The relevance matrix including the material topics is shown below, together with the list of topics, with the reference number shown next to the topic. In total, the company identified 16 material

topics broken down from the standpoint of ESG, namely, governance topics, topics with social relevance and topics with environmental and product relevance.

MATERIALITY MATRIX



1	Ensure good economic performance
2	Support investments with a future vision for business development
3	Invest in process and product innovation
4	Guarantee business ethics and integrity
5	Develop new markets
6	Place the focus on customer needs and also monitor brand reputation
7	Pursue a clear sustainability strategy
8	Ensure occupational health and safety
9	Ensure gender equality at the company
10	Guarantee employment, remuneration and welfare policies. Attention to the well-being of workers
11	Ensure training and upskilling
12	Focus on the local area with projects for the local community and the various Institutions
13	Place the focus on mitigating the impacts of climate change
14	Place the focus on waste management with a view to recovery and the circular economy
15	Continue to invest in product Research and Development thanks to LCA (Life-cycle Assessment) studies and product eco-design
16	Implement the use of recycled raw materials



IMPACT MATRIX

PRIORITY TOPICS		IMPACT MATERIALITY		
MATERIAL TOPICS		TOPIC BOUNDARY	SPAC ASSESSMENT	MAIN POSITIVE IMPACT GENERATED
STRATEGIA, GOVERNANCE E SOSTENIBILITÀ ECONOMICA				
1	Ensure good economic performance	INTERNAL/ EXTERNAL	5	Ensure market presence now and in the future; maintain attractiveness for employees; maintain an economically sound community of people.
2	Support investments with a future vision for business development	INTERNAL/ EXTERNAL	4,5	Enter new markets and product sectors; support customer development. Support the principles of sustainable development thanks to energy efficiency, greater occupational safety. Reduce emissions and new materials.
3	Invest in process and product innovation	INTERNAL/ EXTERNAL	4,8	Support the principles of sustainable development thanks to energy efficiency, greater occupational safety. Reduce emissions and new materials. Development of R&D activities. Upskilling.
4	Guarantee business ethics and integrity	INTERNAL/ EXTERNAL	5	Prevent risks and safeguard the brand's reputation. Promote the principles of sustainable development in corporate business.
5	Develop new markets	INTERNAL/ EXTERNAL	4	Remain on the market now and in the future. Prevent geopolitical turbulence and defend economic stability; diversifying business risk
6	Place the focus on customer needs and also to monitor brand reputation	INTERNAL/ EXTERNAL	4,7	Remain on the market now and in the future. Keep employee skill levels high. Diversify business risk.
7	Pursue a clear sustainability strategy	INTERNAL/ EXTERNAL	4,5	Improve product positioning, brand reputation and corporate competitiveness.

				GRI INDICATOR
POTENTIAL NEGATIVE IMPACT	IMPACT MATERIALITY LEVEL	MAIN REFERENCE SDG'S FOR POSITIVE IMPACTS		
Risk of loss of business continuity; loss of attractiveness	HIGH	 		GRI 201
Failure to develop business; Loss of vision for a sustainable business model	HIGH			GRI's OUTSIDE THE BOUNDARY
Failure to develop business; Loss of vision for a sustainable business model	HIGH			GRI's OUTSIDE THE BOUNDARY
Reputation crises; loss of credibility	HIGH			GRI 2-2-24
Loss of business profits and margins	HIGH	 		GRI's OUTSIDE THE BOUNDARY
Loss of confidence; reputation risk	HIGH	  		GRI 417
Loss of vision for a sustainable business model; reputation risk	HIGH	  		GRI 2-2-24

IMPACT MATRIX

PRIORITY TOPICS		IMPACT MATERIALITY		
MATERIAL TOPICS		TOPIC BOUNDARY	SPAC ASSESSMENT	MAIN POSITIVE IMPACT GENERATED
SOCIAL				
8	Ensure occupational health and safety	INTERNAL/ EXTERNAL	5	Enable people to work in a safe environment for themselves and others. Reduce the risk of injury. Improve workers' professional skills.
9	Ensure gender equality at the company	INTERNAL/ EXTERNAL	4	Improve attractiveness to workers. Improve retention and brand employing.
10	Place the focus on the well-being of employees by defining employment and remuneration policies and appropriate welfare policies	INTERNAL/ EXTERNAL	4,5	Improve attractiveness for workers. Improve retention and brand employing. Improve competitiveness. Improve performance and the economic and psychophysical well-being of people.
11	Ensure training and skills innovation	INTERNAL/ EXTERNAL	4	Improve the company's market performance. Improve efficiency. Improve attractiveness, retention and brand employing. Improve the knowledge and skills of each worker.
12	Place the focus on the local area with projects for the local community and the various Institutions	INTERNAL/ EXTERNAL	3,2	Improve the lives of the people who make up the community and the local area.
PRODUCT, PRODUCTION PROCESSES AND ENVIRONMENTAL IMPACTS				
13	Place the focus on mitigating the impacts of climate change	INTERNAL/ EXTERNAL	4,5	Climate action. Anticipate national and international regulatory requests. Optimise the management of the electricity supply. Use production waste for conversion to a second raw material, thereby boosting the circular economy. Reduce the amounts of waste directed to disposal.
14	Put focus on waste management with a view to recovery and the circular economy	INTERNAL/ EXTERNAL	4,5	Use production waste for conversion to second raw material. Give impetus to the circular economy. Reduce the amount of waste for disposal.
15	Continue to invest in product Research and Development thanks to LCA (Life-cycle Assessment) studies and product eco-design	INTERNAL/ EXTERNAL	5	Ensure market presence now and in the future. Develop new business lines. Reduce the risk of product obsolescence.
16	Implement the use of recycled raw materials	INTERNAL/ EXTERNAL	4,5	Reduce the environmental impacts of product.; Improve product positioning in the market. Improve brand reputation.

				GRI INDICATOR
POTENTIAL NEGATIVE IMPACT	IMPACT MATERIALITY LEVEL	MAIN REFERENCE SDG'S FOR POSITIVE IMPACTS		
Risk of occupational accidents and diseases; risk of sanctions; reputation risk	HIGH		GRI 403	
Increased difficulty retaining and attracting workers	MEDIUM		GRI 405	
Worsening of the business climate; loss of confidence; increase in turnover; greater difficulty in attracting workers	HIGH		GRI 401	
Loss of innovation; worker dissatisfaction; increased turnover	HIGH		GRI 404	
Lack of economic and social repercussions within the local area; loss of trust by institutional stakeholders	LOW		GRI 413	
Increased emissions; poor management of climate risk; loss of confidence	HIGH		GRI 305	
Loss of vision for a sustainable business model	MEDIUM-LOW		GRI 306	
Failure to develop business, loss of vision for a sustainable business model	HIGH		GRI 203	
Loss of vision for a sustainable business model; increase in climate change	HIGH		GRI 301	

THE POWER OF STAKEHOLDER ENGAGEMENT

SPAC is aware that, within developing a sustainable business model, aimed at lasting economic success, it is important to adopt an open-minded stance and engage in listening, while co-operating and showing respect for all stakeholders.

The following table illustrates the key stakeholders that are most significant for defining SPAC's strategy and relevant methods for engagement, defined for each group.



STAKEHOLDER	RELEVANT TOPICS	COMMUNICATION MODE AND FREQUENCY	GOALS/COMMITMENTS
PEOPLE	• Identity and sense of belonging • Employment stability • Communication • Training and education	• Ongoing activities for promoting relations, for the purpose of defining industrial relations issues, with the support of Confindustria (Confederation of Italian Industrialists) services, of which SPAC is a member • Worker training plan	• Implementation of an internal communication plan • Training courses on Code of Ethics and Model 231
SUPPLY CHAIN	• Continuity and development of partnerships • Selection according to a skills qualification and assessment process • Transparent communication	• Ongoing contact aimed at ensuring business continuity	• Creation of a tool for supplier assessment, supplemented by ethical-social and environmental area evaluations
CUSTOMERS	• Surveying of consumer expectations and needs • Advisory approach	• Customer profiling via CRM and ongoing contact to assess market trends and production planning • Transparent product communication	• Ongoing relationship enhancement
BUSINESS COMMUNITY	• Transparency towards the market • Solidity and financial sustainability • Relationship with lending banks • Corporate Governance	• Contact aimed at sharing SPAC's performance	• Greater involvement for the definition of double materiality with a view to compliance with the CSRD
TRADE ASSOCIATIONS	• Product quality and innovation • Evolution and adaptation of representativeness	• Contact with Confindustria Vicenza to deepen wide-ranging issues of a technical nature and related to the business model • Participation in events and meetings	• Continuation of relations-promoting activity
LOCAL COMMUNITY	• Support for social-sports projects • Collaboration with schools • Prevention of possible impacts on the environment	• Support to certain local social and sports associations to promote their activities and scopes	• Continuation of activity already in progress
INSTITUTIONS	• Compliance with laws • Transparent communication • Socially responsible business management • Co-operation • Social security contributions and charges	• Ongoing dialogue aimed at good relations with the different local area institutions	• Continuation of activity already in progress
MEDIA RELATIONS	• Protect reputation capital • Product disclosures	• Sending product information to trade magazines as needed	

The background of the page is an abstract composition. In the upper right corner, there is a blurred image of a green bowl or container. The lower half of the page is dominated by a bright orange, textured fabric that appears to be draped or folded. A solid green rectangular block is positioned in the center-right, containing the large white number '03'.

03



OUR PRODUCT

THE ENVIRONMENTAL IMPACT OF ARTIFICIAL COATED PLASTICS AND ITS MEANING FOR SUSTAINABILITY

From the analysis conducted on SPAC's sustainability factors, it is clear that the market for polymeric coatings is constantly evolving thanks to interest from various product sectors, certain of which, such as the automotive sector, are particularly advanced and require certified products with reduced environmental impact.

The use of polymeric coatings (with or without a fabric support), since their introduction in the 1950s, has been constantly expanding. Their success has been promoted by the technical features of the materials, such as toughness, high resistance to atmospheric and chemical agents, water repellence and ease of care, which make them suitable for wide-ranging applications in various areas, sectors and markets. Their production is the result of know-how built and accrued over decades, which makes these products usable and customisable in almost all industrial areas. Polymers, in fact, lend themselves to additives and structural modifications according to the multiple and various areas of use and the performance required of the end product. Due to these features, artificial coated plastics have gained a significant foothold in industries like clothing, sports, furniture and automotive.

Polymeric coatings offer the advantage of having a minimal water footprint compared to natural fabrics and leather, although they have a direct impact on the use of fossil materials, on the energy used for production purposes and on their end of life. Today, the future of polymer coatings is especially favourable due to their being more economical, their low water use and their end of life that can be partially managed through recycling, thus becoming a secondary raw material for application in other manufacturing chains,

as well as the fact that they can be processed in combination with bio-based substances.

In addition to being economically more advantageous, they also offer certain benefits from the standpoint of social and environmental sustainability, making polymeric coatings now also in demand by the market for their technological performance.

Thanks to the introduction of bio-based components in the production compound, they can be made more sustainable in terms of environmental impacts, while leaving the technical features and physical-mechanical performance unchanged.

SPAC's leverage lies in its ability to be successful, thanks to the professional expertise and technologies it has acquired, enabling the company to respond to market needs by offering innovative solutions tailored to customer requirements.

At SPAC, production consists of two different processes: artificial coated plastics creation at the historic headquarters in Arzignano and fabric lamination at the Vegam division in Alonte.

The knowledge and availability of both production processes have enabled SPAC to carve out a significant role in a highly diverse and complex market.

Furniture, automotive, saddlery for motorcycles and bikes, and the technical-sports sector are the natural outlets for the products obtained using coatings, while lamination is mainly intended for

the technical sports clothing and footwear sectors and certain segments of the fashion market. SPAC began to address the topic of product sustainability over 13 years ago with investments in new machinery, acquisition of 44 know-how and staff upskilling, with the aim of diversifying production with a view to anticipating market changes. Specifically, over the last decade, the company's focus has been on material differentiation, with the introduction of bio-based products. The main raw materials are polyurethane (PU) and polyvinyl chloride (PVC). The direction is to replace petroleum-derived chemicals with alternative products that come from recycled renewable sources, such as replacing certain chemical plasti-

cisers with castor or soybean oil. The advantage generated is to prevent disposal as food waste and reuse as a second raw material, promoting the circular economy.

Today, this approach to product sustainability, which is measured throughout a product's entire life cycle thanks to LCA (Life Cycle Assessment) studies, is the approach most in demand by the market.

The table below shows the materials used by SPAC and their ratio as a percentage of the total weight of the raw materials. The table highlights the significant increase of materials from renewable sources.

USE OF RAW MATERIALS FROM RENEWABLE SOURCES

RAW MATERIALS	FROM RENEWABLE SOURCE [%]			FROM NON-RENEWABLE SOURCE [%]		
	2023	2022	2021	2023	2022	2021
PU	0,12	0,06	0,01	99,88	99,93	99,99
PVC	0	0	0	100	100	100
PLASTICISERS	7,64	13,03	15,80	92,36	86,97	84,19
ADDITIVES	5,97	5,44	4,13	94,03	94,56	95,87
STABILISERS	18,57	36,03	70,83	81,43	63,97	29,17
TEXTILES	11,21	10,18	7,08	88,79	89,81	92,92

USE OF RECYCLED PACKAGING AND RAW MATERIALS

RAW MATERIALS	RECYCLED [%]			NOT RECYCLED [%]		
	2023	2023	2021	2023	2022	2021
TEXTILES	2,10	1,16	0,50	97,80	98,84	99,50
PE PACKAGING*	28,42	14,05	0	71,58	85,95	100

* % calculated on the total plastic packaging used at the VEGAM Division

PVC RESINS

By 2023, the goal was to increase the use of GreenVin-PVC resins to 50% of the total PVC resins used. GreenVin-PVC is a resin with a 25% lower carbon footprint than conventionally produced Vinnolit PVC, and it is obtained using renewable energy (hydroelectric, wind or solar). Specifically, 50.04% GreenVin-PVC resin use has been achieved with the prospect of further increasing their application.

PACKAGING

Regarding packaging, since 2022, the Vegam facility has been using a recycled polyethylene film that has lower carbon emissions than traditional films. This recycled film has the "Plastica Seconda Vita" (Second Life Plastic) certification which certifies the actual content of recycled polymer within the recipe (recognised also for the purposes of the plastic tax). Its use is also expected to

be implemented at the Arzignano site from 2025.

FABRIC SUPPORTS

For the production of its materials, SPAC uses various kinds of fabrics (jerseys, gauzes and TNT, etc.) both from renewable sources and using recycled fibres, certain of which are GRS or RCS certified. SPAC also uses natural origin fabrics consisting of fibres obtained from the responsible management of forests and plantations, one of which is TEN-CEL™ Lyocell from the Austrian company Lenzing. TENCEL™. Lyocell fibres are extracted from sustainably grown wood by implementing an ecological production process that recovers and reuses 95.5% of the solvents used, thereby minimising the environmental impact of manufacturing. The origin of the wood is certified and controlled according to FSC (FSC-C041246®) and/or PEFC (PEFC™/06-33-92).



STANDARDS ADOPTED

To validate SPAC's sustainable approach, the company decided to certify certain products by selecting internationally recognised standards, adopted voluntarily: RCS "Recycled Claim Standard" in 2022 and GRS "Global Recycle Standard" in 2020.

The two international Standards are promoted by Textile Exchange, a non-profit organisation for responsible and sustainable development and they establish the requirements for obtain-

ing third-party certification, by an accredited Certification Body of the recycled content and the chain of custody, following the requirements of the Textile Exchange Content Claim Standard (CCS), for the growth of a sustainable production and consumption model. The goal is to promote the reduction of the use of resources (raw materials, water and energy) and increase the quality of recycled materials and products.

RCS and GRS use the international standard ISO 14021 for determining recycled content.



The GRS provides for the issue of certification by the third-party certifying body:

- *Products containing at least 20% pre-use and post-use recycled material.*
- *Management of the chain of custody, which documents the path followed by a material at all stages of transfer and production, up to the finished product.*
- *Manufacturing activities and processes in which the recycled material is used to make intermediate products (for example: yarns and fabrics) or finished products intended for the end consumer, using models and management procedures that comply with the established requirements.*

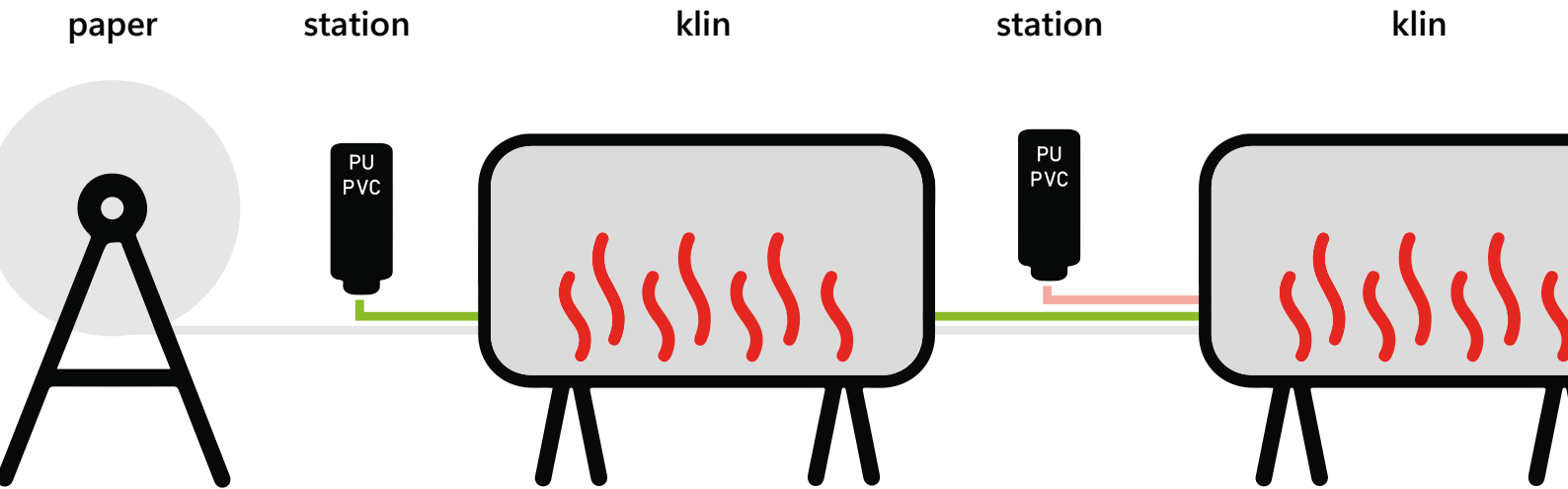


The RCS provides for the issue of certification by the third-party certifying body:

- *Products containing at least 5% pre-use and post-use recycled material.*
- *Management of the chain of custody, which documents the path followed by a material at all stages of transfer and production, up to the finished product.*
- *Manufacturing activities and processes which use recycled material to make intermediate products (for example: yarns and fabrics) or finished products intended for the end consumer, using models and management procedures that comply with the established requirements.*

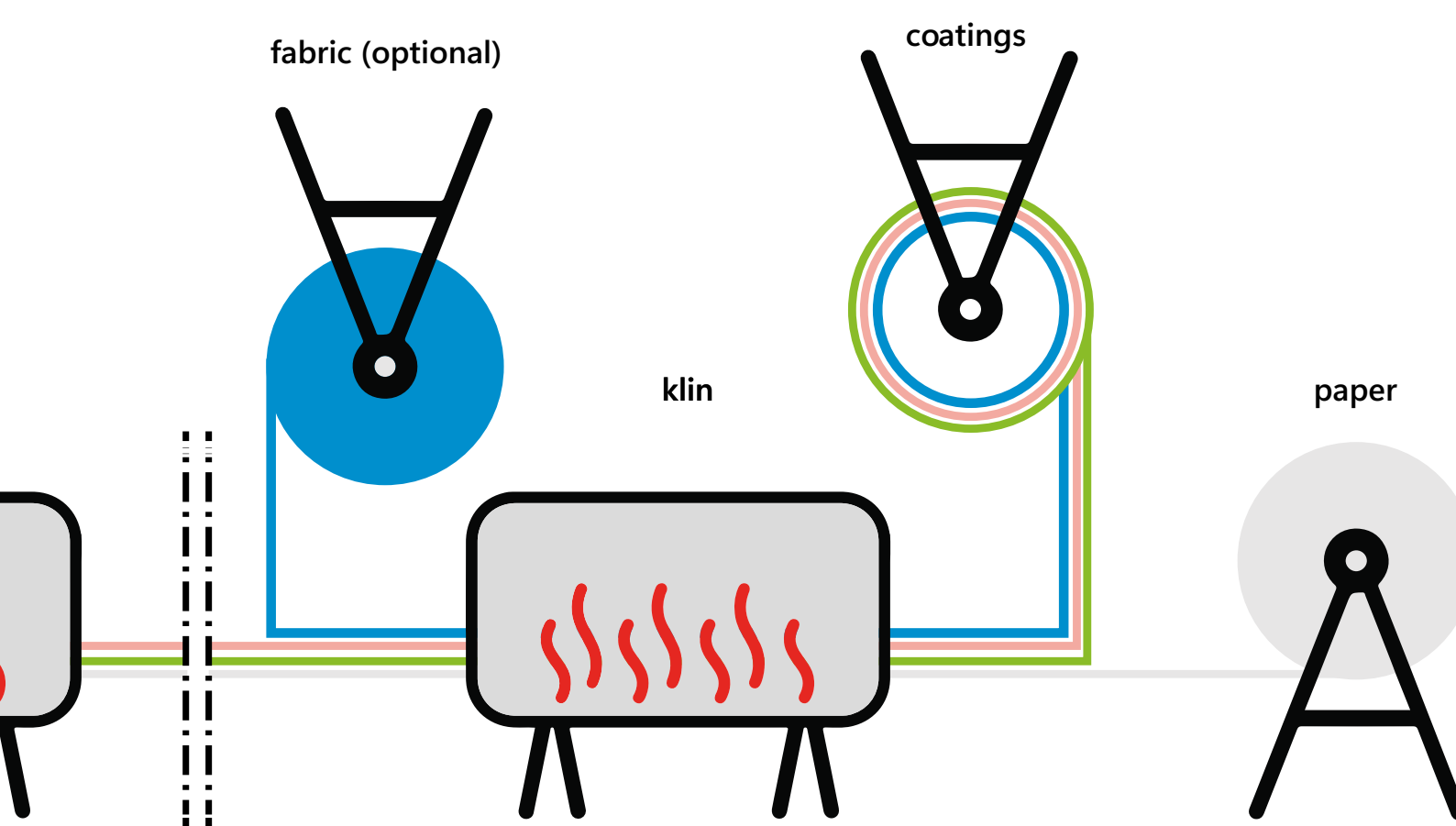
SPAC has used RCS certification for a product line and aims to extend the certification to other articles as well.

SPAC'S COATING PROCESS



The coating manufacturing process enables a thin and uniform layer of a specific material (called a film or sheet) to be applied to the surface of a fabric to obtain certain desired properties or features. The main stages of the coating process are:

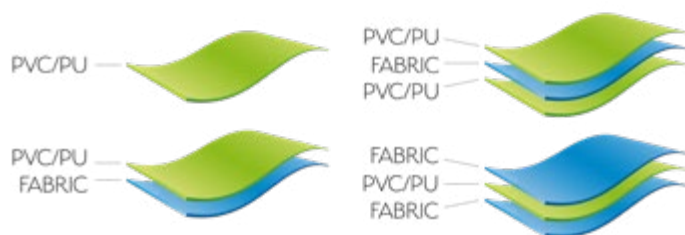
- 1. Material preparation:** the coating material (resin, polymer, wax, rubber, waterproofing agent) is prepared as a liquid or semi-liquid. This material is a specific mixture enhancing the end material with certain properties, such as waterproofing, abrasion resistance, UV resistance and flame-retardant properties, etc.
- 2. Unwinding of a base:** casting paper is prepared on the coating line, on the casting paper conveyor belt, the support on which the material will be coated (usually PVC or PU). The casting papers will give a specific grain to the finished material.
- 3. Application of the material:** the coating material is applied to the casting paper by a coating system using a roller or blade to ensure proper application.
- 4. Drying or curing:** the material is then dried in kilns at the coating factory to remove solvents or moisture and to cure the material.
- 5. Lamination:** if the finished product so requires, a fabric will be laminated to the material (wet bond lamination or OCS).



6. Cooling: the product obtained is cooled before being separated from the casting paper.

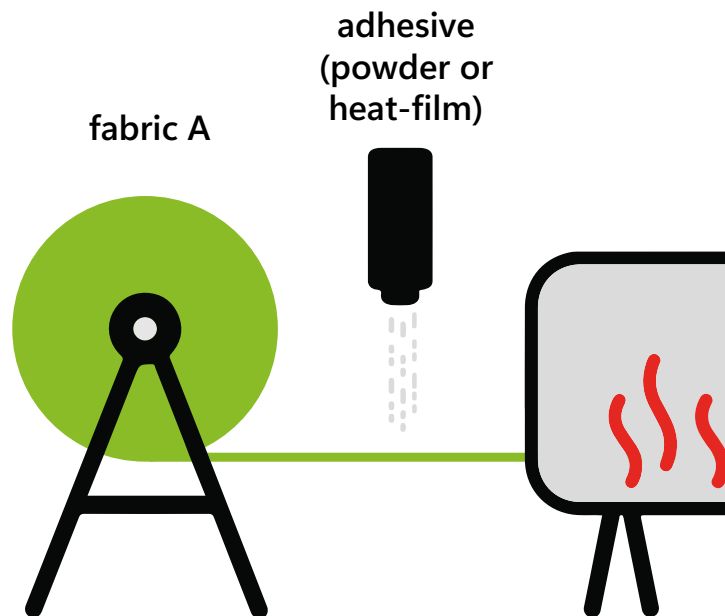
7. Quality control: throughout the process, quality controls are conducted to ensure that the product has the desired features and meets the required standards (thickness, uniformity of the coating layer, etc.).

8. Finishing: after coating, the fabric may undergo additional finishing processes to further enhance the properties and appearance of the finished product (embossing, printing and application of a finish, etc.).



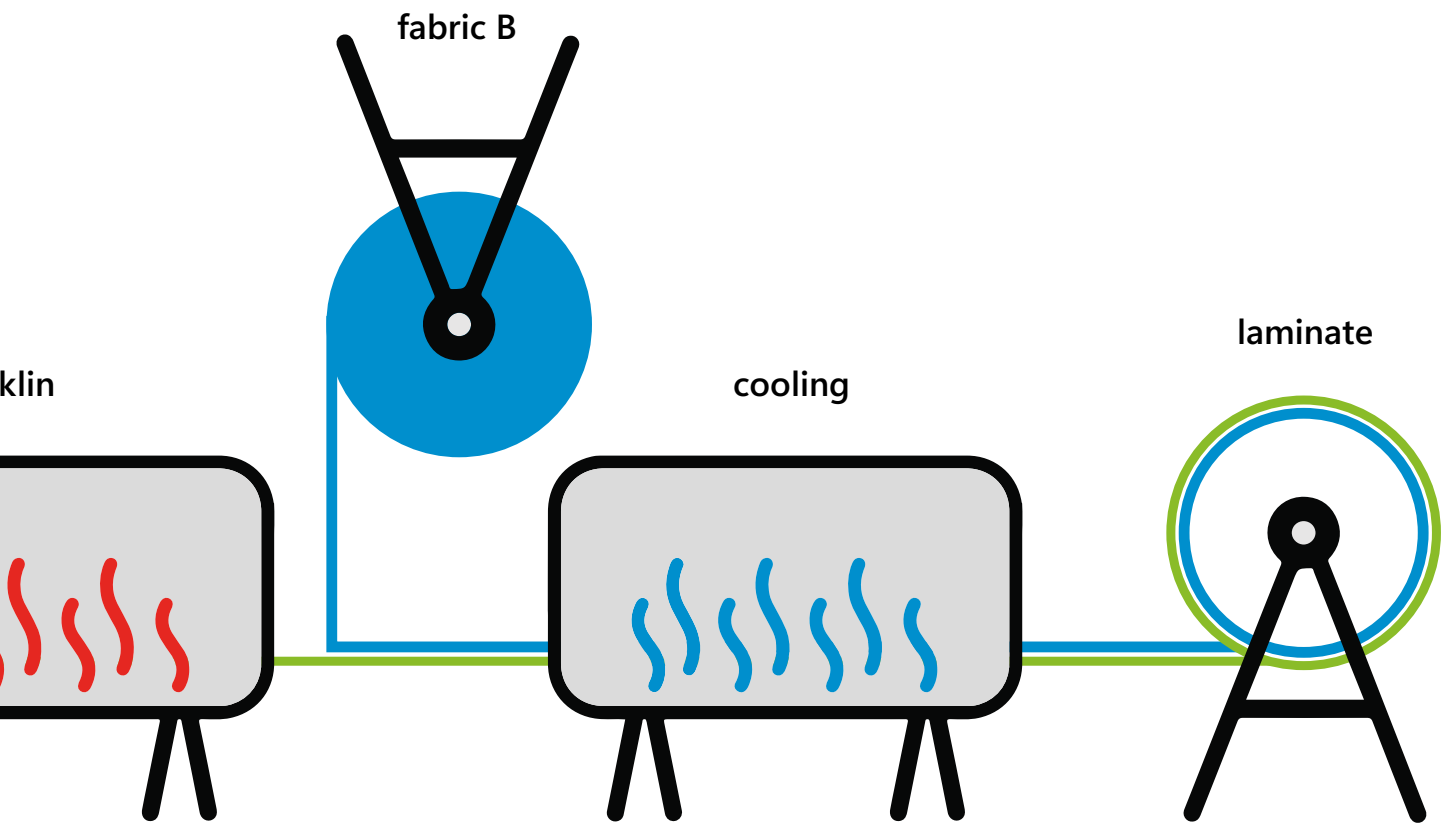
- Thickness range: from 0.02 to 30 mm.
- Countless possible combinations.
- Full range of colours.
- PVC foams of varying thicknesses and densities.
- Full article customisation.
- Fireproof, antibacterial, water-repellent and "Freshtouch" materials on request.

VEGAM'S LAMINATION PROCESS



The bonding manufacturing process on fabric, or lamination, is an industrial process that assembles various materials to obtain new features which are absent in the individual layers. The materials used include fabrics, felts, foam membranes and non-woven textiles, etc. which can impart characteristics of rigidity, impermeability and waterproofing, etc. to the packets thus obtained. The lamination process may also be used to obtain heat-adhesive or self-adhesive surface treatments and barrier and injection films, etc. The main steps in the textile lamination process are described below:

- 1. Fabric preparation:** initially, depending on the case, the fabric is purged, heat set and dyed, etc. to remove impurities that could interfere with the bonding process and confer the properties desired by the customer.
- 2. Preparation of the heat-adhesive or plastic material:** the heat-adhesive or plastic material, often in the form of films, sheets or drums of hot melt glue, is prepared for bonding.
- 3. Lamination:** the fabric, the other materials necessary to obtain the finished product and the heat-adhesive material are placed together between two rollers or inside a laminating machine. The machine uses heat and pressure on the two layers, enabling the heat-adhesive material to melt and adhere firmly to the fabric. Temperature and pressure used may vary depending on the type of material and fabric involved.



4. Cooling and solidification: After the lamination process, the fabric is cooled to completely solidify the heat-adhesive material. This ensures that the fabric and laminate are firmly bonded.

5. Finishing: the laminated fabric may undergo further finishing to enhance the appearance and performance of the finished product. This may include cutting, stitching, calendering, or other specific finishing techniques.

6. Quality control: throughout the process, quality controls are conducted to ensure that the laminated fabric has the desired properties and meets the required standards.



- Thickness range: from 0.02 to 10 mm.
- Countless possible combinations.
- Full range of colours.
- Full article customisation.
- Fireproof, antibacterial, water-repellent and antistatic fray-stop and breathable, etc. materials available on request.

R&D AND QUALITY: TWO COMPETITIVE ASSETS

Research and development at SPAC is conducted by a team of highly qualified professionals who use an in-company laboratory that over the years has grown to become a state-of-the-art functional and operational arm of the company.

The team that operates in the laboratory is a strategic asset capable of supporting research and development for the creation of new products and the use of new materials.

The ongoing focus is on innovation, to identify new solutions together with customers. Every year the laboratory works on 150 new materials. The laboratory is equipped with the most advanced technical instruments, able to undertake all tests required for certifying the technical-mechanical and functional characteristics of the product. This expertise is put at the service of the customer who finds in SPAC the ideal partner for identifying the right product, considering not only the time it will be in use but also its end of life. The laboratory performs about 160 tests per day, and

specifically: in 2023, 680 tests were conducted for new products.

Quality assurance is a cross-cutting and all-round function that has the task of managing the processes that affect the quality of the product, acting as a link between customers and suppliers. Customer side, it ensures the conformity of products, with the aim of minimising non-conformities and disputes. Supply chain side, it partners the purchasing office on inspection/audit visits to certify the efficiency and production output of the various suppliers.

In addition, quality assurance is responsible for keeping the ISO 9001 and ISO IATF:16949 process certifications up to date, the latter obtained in 2016.

25
PEOPLE

160
TESTS PER DAY

150
NEW MATERIALS TESTED
EACH YEAR

680
TESTS/YEAR ON
NEW MATERIALS



LCA AND ECO-DESIGN: PRODUCT INNOVATION TOOLS

Most environmental impacts caused by products are determined at the design study stage, which is why eco-design has taken on key importance in recent years.

Eco-design is a design approach that aims to create products with a special focus on their environmental impact throughout the life cycle. The main goal is to reduce the ecological footprint of products, minimising damage to the environment, promoting resource efficiency and encouraging sustainable practices through the use of environmentally friendly, recyclable and renewable materials. One of the key tools of Eco-design is Life Cycle Assessment (LCA), a method to assess the environmental impact of a product throughout its entire life cycle, considering the raw materials used, manufacturing, any usage stage, transport and end-of-life options. LCA also represents the basis for many types of environmental disclosures, such as the carbon footprint, the water footprint and the Environmental Product Declaration (EPD). The latter is a type III environmental label, a disclosure tool anchored to the ISO 14025 standard and certified by a Program Operator to guarantee the third-party nature of the data expressed therein. The importance of a disclosure tool, such as the EPD, consists in its ability to nourish the dialogue with stakeholders on the real environmental contributions made by products, focusing the approach on objective data and not on generic claims, using a language and a common and regulated data set, which can also be

used for equivalent products.

SPAC has published its EPD "Environmental Product Declaration (EPD) for plastic-sheeted fabrics for the automotive sector", to be renewed in 2025, which analyses the environmental performance of three materials intended for the automotive sector, "Ecocosto 199-10 HTG 13/10", "Ecocosto 199-16 AC 15/10" and "Alocosto 017-18 CA", which represent the progenitors of the TechnoLife, GreenLife and BlueLife brands., respectively. The document evaluates the environmental impacts of the three materials based on a series of impact categories, whose main ones include global warming expressed in kg of CO2 equivalent (GWP), acidification, eutrophication, reduction of the ozone layer, creation of photochemical ozone (formation of ozone in the lower part of the atmosphere) and use of fossil or renewable energy sources.

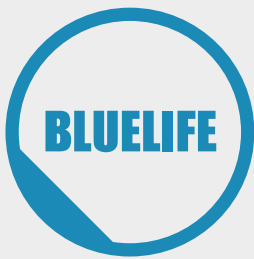
The EPD is available for free consultation on the website of Environdec, the certifying Program Operator, at the following link: <https://environdec.com/library/epd2294>.

In 2024, the company is also planning to implement a software for calculating LCA (SimaPro), which will make it possible to assess the environmental impacts of new projects.

The current SPAC brands, designed to meet the requirements of low environmental impact, include **GreenLife, BlueLife and EarthLife.**



GreenLife is the range of bio-based articles manufactured using sustainable and emission-free raw materials. The U.S. Department of Agriculture has launched a labeling scheme aimed at identifying commercial bio-based products from renewable raw materials. A product may be certified ORGANIC according to ASTM D-6866 if it has at least 25% bio-based components. SPAC's GreenLife products have more than 50%. Similar certification schemes for bio-based materials have also been established by European countries.



BlueLife is the range of eco-friendly PU articles, with low CO₂ emissions, which guarantee the same properties as PVC items. They contain no:

- Solvents • Phthalates • DMF • Amines • Plasticisers • PVC

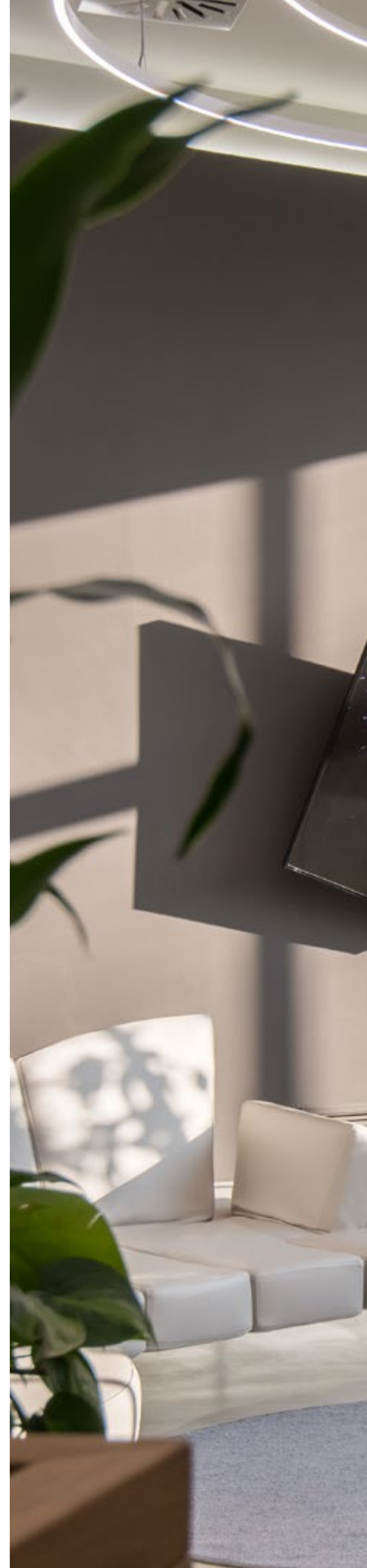


EarthLife refers to the range of materials produced using apple powder. It all started in South Tyrol, Italy, with the growing of apples for the food industry. Apples are used to produce juices, jams and other food products. The waste from the apples (cores and skins) is usually thermally destroyed or deposited in landfills. Currently, it is estimated that apple waste amount to approximately 30,000 tonnes per year. This waste, if not reused, entails high waste management costs for businesses. The Bolzano company Frumat recovers the waste from this food chain, giving it new life in the form of powder. This powder, 100% organic industrial waste, is used to replace petroleum derivatives (such as PU). At the end of the process, a sustainable vegan material is obtained that may replace genuine leather in various applications: automotive, furniture and saddles for bikes/motorcycles.

AN ADVISORY APPROACH

At SPAC, trust, willingness and openness to innovation and dependability are the values underpinning our partnerships with customers.

Listening to the specific needs of customers and willingness to pool mutual knowledge to find new and innovative solutions are the building blocks of our advisory approach, thanks to which SPAC has built its reputation and its ability over the years to maintain its market position, even in a competitive and strongly evolving business environment. All articles manufactured by SPAC are made based on the needs of customers that are supported at all stages of a project by the know-how and expertise accrued over decades of experience.





AN INCREASINGLY SUSTAINABLE SUPPLY CHAIN

Today, it is essential to focus on relationships with the businesses that make up the company's supply chain.

In an ever-changing business environment, establishing a clear path is a guarantee for robustness and dependability for stakeholders interacting with SPAC.

This is the approach that the company also adopts for its supply chain, considered a strategic asset to compete and grow in the marketplace. Values of dependability, technical skill and the ability to respond quickly to requests are essential requirements of the supply chain, which is constantly monitored by the purchasing department and in-company quality control. In addition, every 12 months, the supply chain is assessed through a questionnaire that establishes the quality parameters accepted by the company.

Where possible, a local supplier is preferred both to contribute to the growth and development of the local area and for optimising transport and reduce environmental impacts.



2024/2005 IMPROVEMENT TARGET



Continue advancing the involvement of the supply chain in the sustainability measurement process by expanding the knowledge and assessment questionnaire on topics related to the environmental and social impacts of supplier businesses, while also incorporating supply chain sustainability due diligence.



A man with short brown hair and glasses, wearing a grey hoodie, is smiling and looking down at a machine he is operating. The machine has a large black handle and a metal frame. The background is a workshop with various tools and equipment.

04



PEOPLE AT THE HEART OF OUR VISION

SPAC EMPLOYEES: A STRATEGIC RESOURCE FOR BUSINESS SUCCESS

SPAC views human capital as a cornerstone of value creation. People make a tangible contribution to the achievement of objectives through the skills, professionalism, responsibility and passion they bring to the tasks they perform on a daily basis.

Since its inception, the company has aimed to create an inclusive, safe and motivating environment capable of attracting people of different origins and from diverse backgrounds with a view to retaining the best talent.

As of 31 December 2023, SPAC's workforce consisted of 225 employees, including 171 male and 54 female workers. Regarding temporary work, as of the same date, 14 workers were employed of whom 8 male and 6 female, all employed in the production

area.

At SPAC, people are employed under the National Collective Bargaining Agreement for the Rubber-Plastics Industry at the Arzignano headquarters, and the National Collective Bargaining Agreement for Textiles-Fashion Industry (Italian Fashion System) at the Alonte site.

14 employees have part-time contracts.

Part-time work is granted on request to those who, for assorted reasons, need to balance work and personal life.



2023

EMPLOYEES	MANAGERS	SUPERVISORS	WHITE COLLAR WORKERS	SHOP SUPERVISORS	BLUE COLLAR WORKERS	TOTAL
MALE	6	9	25	10	121	171
FEMALE	2	5	31	-	16	54
TOTALS	8	14	56	10	137	225
OF WHICH TEMP WORKERS						
MALE	-	-	-	-	8	8
FEMALE	-	-	1	-	5	6
TOTALS	-	-	1	-	13	14

2022

EMPLOYEES	MANAGERS	SUPERVISORS	WHITE COLLAR WORKERS	SHOP SUPERVISORS	BLUE COLLAR WORKERS	TOTAL
MALE	7	10	28	9	125	179
FEMALE	2	4	29	-	15	50
TOTALS	9	14	57	9	140	229
OF WHICH TEMP WORKERS						
MALE	-	-	-	-	15	15
FEMALE	-	-	-	-	3	3
TOTALS	-	-	-	-	18	18

2021

EMPLOYEES	MANAGERS	SUPERVISORS	WHITE COLLAR WORKERS	SHOP SUPERVISORS	BLUE COLLAR WORKERS	TOTAL
MALE	6	12	29	9	126	182
FEMALE	2	4	28	-	13	47
TOTALS	8	16	57	9	139	229
OF WHICH TEMP WORKERS						
MALE	-	-	1	-	24	25
FEMALE	-	-	1	-	2	3
TOTALS	-	-	2	-	26	28

	2023		2022		2021	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
EMPLOYEES						
OPEN-ENDED CONTRACT	160	18	163	44	135	41
FIXED-TERM CONTRACT	11	6	1	3	47	6
TOTAL	171	54	164	47	182	47
FULL-TIME	170	41	163	35	181	34

The employee count includes temporary workers.

The table comparing employee hires and leavers shows that, of the 38 leavers (due to the conclusion of fixed-term contracts, resignations and retirements), 29 new resources were hired, of which 11 were in the under 30 age group (9 male and 2 female). The

overall turnover rate was therefore 30%.

In 2023, 6 females and 11 males were entitled to parental leave which was taken by all staff, with 14 returning to work, while the remaining 3 will complete their parental leave in 2024.

EMPLOYMENT 2023

	EMPLOYEES					
	MALE			FEMALE		
	<30	30 - 50	>50	<30	30 - 50	>50
NEW HIRES	9	7	4	2	6	1
OPEN-ENDED CONTRACT	3	2	2	-	3	-
FIXED-TERM CONTRACT	6	5	2	2	3	1
LEAVERS	12	11	10	-	3	2
END-OF-TERM	9	3	3	-	1	2
DISMISSALS	1	1	1	-	-	-
RESIGNATIONS	2	7	1	-	2	-
RETIREMENTS	-	-	5	-	-	-

At SPAC, a professional performance evaluation system is in place to create appropriate professional development paths, upskill employees and promote a healthy corporate work environment. The annual performance evaluation is conducted by Human Resources management through targeted interviews aimed at identifying the best development path for each employee, focused on fostering the values of responsibility, trust, respect and consistency for a shared understanding of roles. Since October 2023, the HR department has

implemented an off-boarding process to better understanding the reasons for employee departures and identify areas where new policies may be needed.

This year, the company also partnered with universities and higher education institutions, hosting 3 students under a Soft Skills and Orientation programme ("PCTO") and 2 university interns. Regarding benefits, the company follows a staff incentive policy through modern welfare and benefit models, as detailed in the list below:

- **Workers' fringe car benefits:** executives, sales force and sales technicians
- **Accommodation fringe benefit:** 4 lodgings for use by staff not residing in the Veneto Region
- **Randstad welfare platform:** SPAC Spa's corporate welfare policy established on 14 April 2022, valid for two years (2022/2023), on top of goods and services
- **Books for employees' children:** up to EUR 350 per worker. In 2023 43 employees were reimbursed for a total of EUR 9,130 (books were purchased for 51 children and students)
- **ASSIDIM/FASI:** managers, in addition to the possibility of enrolling in FASI (Services for Managers, a scheme organised by CONFINDUSTRIA and Federmanager), have access to ASSIDIM supplementary health insurance (premiums fully paid by the company)
- **Access to FASG&P supplementary health insurance** (premiums fully paid by the company) for all open-ended contract SPAC employees
- **Access to SANIMODA supplementary health insurance** (premiums fully paid by the company) for all VEGAM open-ended contract employees
- **Death or permanent disability insurance** for all SPAC workers
- **Giuliano Bedeschi Prize** awarded upon the birth of an employees' child

THE GOAL OF GENDER EQUALITY: A PATH TO CREATING VALUE

In an environment that has always strived to enhance diversity, marked by projects addressing women and families, SPAC has taken the next step by seeking certification of gender equality, according to the UNI/PdR 125:2022 practice. At the start of 2023, the company decided to initiate this process, which will go hand in hand with the corporate welfare activities, support for education and flexible working hours already in place. Certification is expected to be obtained in 2024.

The milestones achieved so far by the company may be summarised in the following steps:

1. May 2023: Pre-Audit

The certification process began in May 2023, when SPAC staff attended a specific training course. Subsequently, the company conducted a Pre-Audit with the certification entity, Bureau Veritas, and obtained approval to plan the next phase.

2. July 2023: Establishment of the Gender Equality Steering Committee

In July, the Steering Committee for Gender Equality was established, aimed at managing and monitoring topics related to inclusion, gender equality and integration. The Committee is made up of the Owners, HR, Quality and Environmental Safety management and functions and involves personnel at both sites in various roles.

3. September 2023: preparation of the Gender Equality and Parenting Policy documents.

SPAC then began to prepare a number of key documents: Strategic Plan, reporting objectives and responsibilities aimed at promoting the development of an inclusive work environment, in line with corporate values; Gender Equality Policy, where the company expresses its commitment to pursuing gender equality within its organisation; Parenting Policy, which describes the corporate commitment to supporting all forms of parenting. A budget was then allocated for developing activities in support of inclusion, gender equality and integration, and the HR management and development processes were planned, such as selection, general conditions of contract and gender-neutral on-boarding and performance evaluations.

4. November 2023: Initial Audit

The certification process then led to the publication and dissemination of the Gender Equality Policy to stakeholders, followed by the Initial Audit step, with the creation of an ad hoc communication plan, aimed at promoting language and behaviour for ensuring inclusivity and respect for gender diversity in the professional environment.

5. December 2023: Main Audit

After sending out the first questionnaire on the perception of equal opportunities and issues of harassment at the company, and following the launch of the Whistleblowing platform, SPAC initiated the Main Audit step. During this step, staff was informed about the "Giuliano Bedeschi Prize", a one-off bonus to support families on the birth of a child. In addition, the Guidelines for external Research and Selection co-workers and Information on the rights and protections for maternity and paternity leave that employees are due was distributed.



2023/2024 IMPROVEMENT TARGETS



- Conclusion of the certification process for Gender Equality, with the aim of further strengthening inclusion policies at the company. Given the relevance of the topic, SPAC will be extending training on gender equality and how to recognise possible cases of harassment in the workplace to all staff.
- Implementation of the job description for proper identification and classification of the various corporate functions.
- Creation of scholarships for the student children of employees, from lower secondary school to university.

TRAINING: RENEWING THE CAPITAL OF SHARED KNOWLEDGE

To continue to grow, a company needs to invest in upskilling just as it invests in technologies.

Also at SPAC, given the company's evolution in recent years, a conscious choice was made to establish training programmes aimed at supporting people's professional and personal growth. Training also increases the shared knowledge base within an organisation, enhances collaboration and lays the foundation for the continuous renewal of organisational culture.

In 2023, a training programme was launched to streamline organisational flows between the R&D, quality and commercial departments, facilitating the flow of information.

The company also continued to invest in language training in line with its increasingly significant international profile.

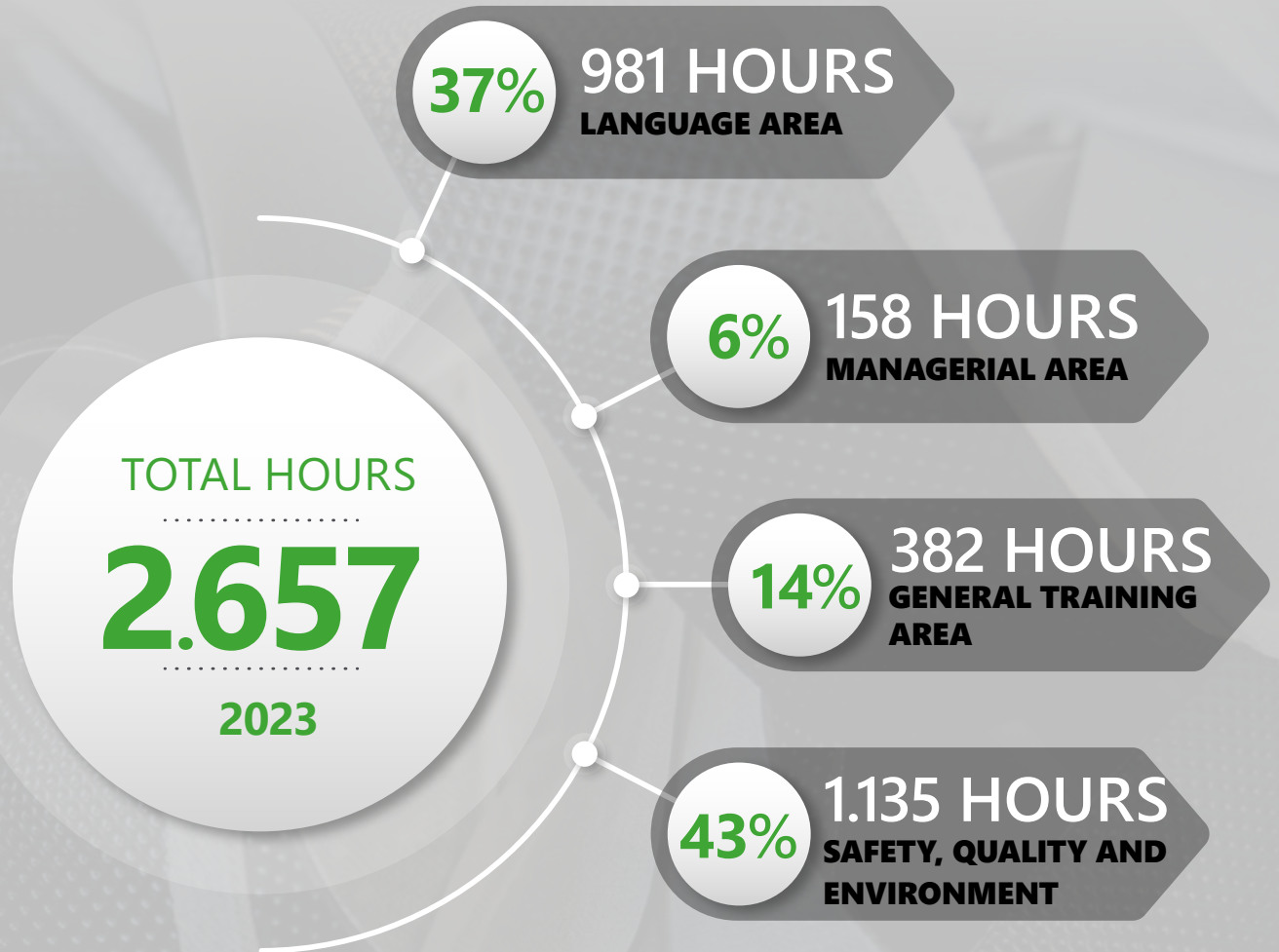
For middle management, the training focused on communication topics related to business develop-

ment, while for R&D technical staff, efforts were directed at enhancing specific skills to maintain a high level of competitiveness.

The following section outlines the company's training activities. These activities are considered a strategic tool for competing in an increasingly complex and evolving market, which requires ongoing enhancement of knowledge. Training in Safety and Quality remains crucial, as does language training and general development.

At SPAC, training activities also extend to management, which in 2023 focused not only on exploring technical and managerial topics but also on gaining deeper knowledge aimed at fostering informed governance of new sustainability models and the related Sustainable Development Goals.

TRAINING	2023			2022			2021		
TOTAL HEADCOUNT	267*			281*			272		
TOTAL TRAINING AND IN-STRUCTION HOURS**	5.217			7.396			6.533		
AVERAGE HOURS PER EMPLOYEE	19,5			26,3			24		
	empl.	tot.	average	empl.	tot.	average	empl.	tot.	average
MALES	207	1.895	9,2	222	2.019	9,1	217	1.895	8,7
FEMALES	60	762	12,7	59	977	16,6	55	422	7,7
MANAGERS	9	385	42,8	9	472	52,4	10	134	13,4
WHITE COLLARS AND SUPERVISORS	78	1.298	16,6	77	1.362	17,7	76	1.148	15,1
BLUE COLLARS AND SHOP SUPERVISORS	180	974	5,4	195	1.162	6	186	1.011	5,4



10% (230 HOURS)>> LANGUAGE AREA
9% (196 HOURS) >> MANAGERIAL AREA
38% (878 HOURS)>> GENERAL TRAINING AREA
43% (988 HOURS)>> SAFETY, QUALITY AND ENVIRONMENT



28% (849 ORE) >> LANGUAGE AREA
5% (148 ORE) >> MANAGERIAL AREA
38% (1.139 ORE) >> GENERAL TRAINING AREA
29% (860 ORE) >> SAFETY, QUALITY AND ENVIRONMENT

* The total number of employees includes all people who went through training in the 12 months of 2022

** The infographic above, for training topics, considers only the total training hours and not instruction

HEALTH AND SAFETY: PRIORITY VALUES

Occupational health and safety represent a continuous commitment at SPAC.

The protection of workers remains crucial, recognising that production activities inherently involve some level of risk. These activities are carried out as part of an action plan, which includes ongoing safety training, analysis of incident and near-miss data and the provision of targeted measures (PPE) to safeguard workers.

The materiality analysis has also highlighted health and safety as one of the most critical topics for the company.

SPAC has implemented a health and safety mana-

gement system, based on the requirements of Italian Legislative Decree 81/2008, which applies both to employees and external workers performing activities within the corporate boundary.

In addition to statutory training, assessed through employee feedback, an onboarding course is provided for new hires, highlighting safety, environmental and organisational aspects, enabling new SPAC employees to fully comprehend the work environment from the outset.





SPAC HEALTH AND SAFETY MANAGEMENT SYSTEM

The safety management system is the outcome of an ongoing commitment that combines compliance with a corporate sensitivity and culture.

The system provides for the following procedures:



2023/2024 TARGETS

- SPAC intends to resume the process for OHAS 18001 certification, committing to achieving the new ISO 45001 certification for occupational health and safety.
- Organisation of an campaign to raise awareness on healthy lifestyles and prevention.

HEALTH PROTOCOL

All workers undergo a health assessment conducted by the occupational physician at pre-established intervals. The aggregated data from such assessments are analysed by the Employer, the RSPP and the Designated Manager to verify the need for implementing improvements, or adjusting the monitoring system.

RISK REPORTING

To provide workers with the opportunity to report any risks and hazards, the company has appointed a Workers' Representative for Safety, Health and the Environment (RLSSA), whose role is to verify the source and dating of reports, and, where necessary, implement actions to restore safety conditions.

	2023	2022	2021
TOTAL HOURS WORKED	373.111	381.806	388.839

INJURIES	2023	2022	2021
TOTAL NUMBER OF INJURIES	6	10	5
FREQUENCY INDEX**	16	26,1	12,9
NUMBER OF SERIOUS INJURIES	0	0	0
LOST DAYS ****	92	99	39

** FREQUENCY INDEX INDICATOR CALCULATION = (injuries/hours worked) * 200,000

**** Absence days starting from the day of the injury



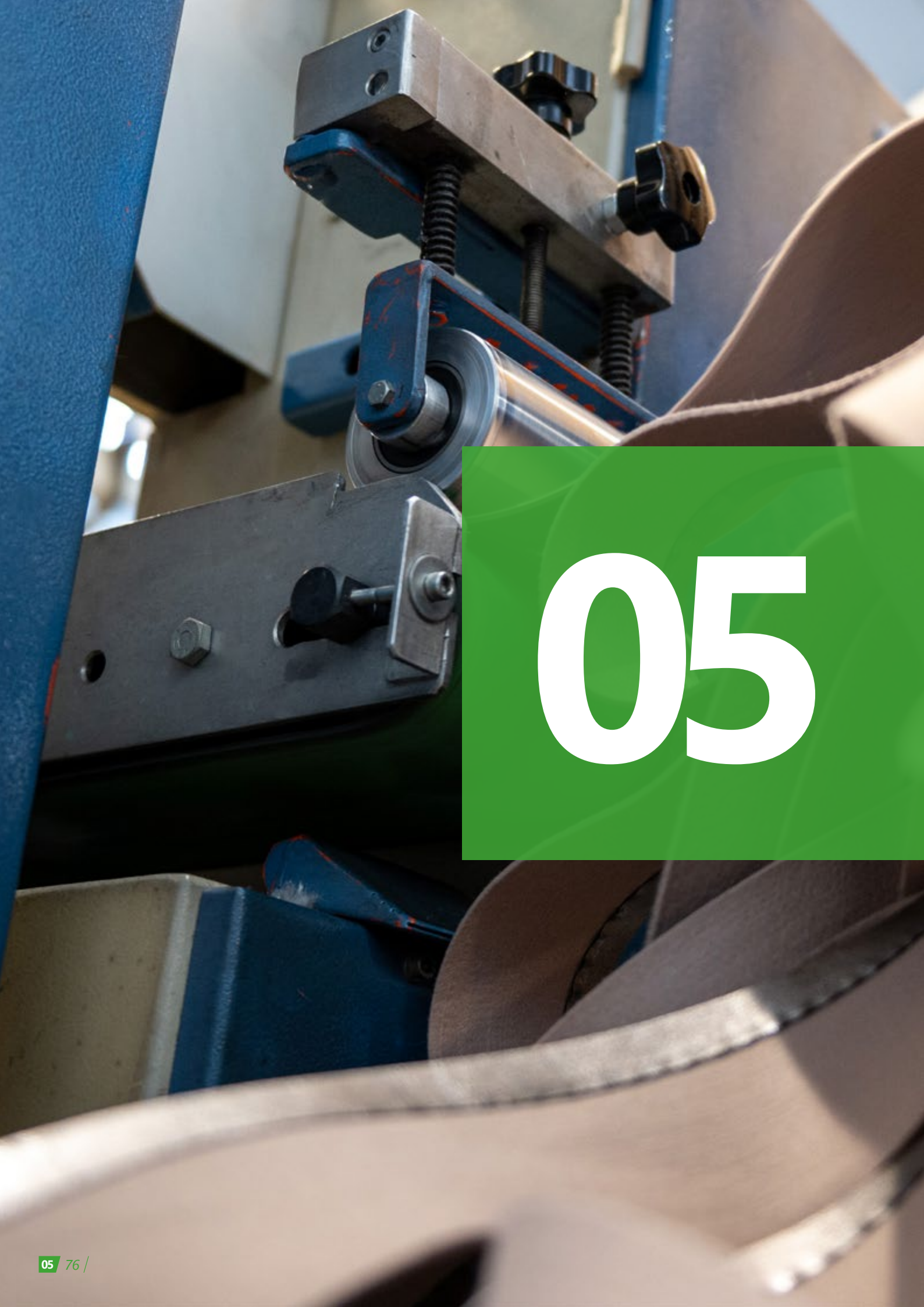
THE LOCAL COMMUNITY: A VALUE THAT AIDS GROWTH

The local community plays an increasingly central role in the relationships that a company builds with its surrounding area. Through these relationships, an organisation can build trust, access resources, create connections, demonstrate social commitment, and support its long-term success.

Over the 50 years since its founding, SPAC, thanks to the Bedeschi family's vision of social responsibility, has contributed to the realisation of several projects aimed at enhancing the local area and the well-being of its community.

The goal for the near future is to capitalise on the experience gained to further develop and enhance the value of Corporate Social Responsibility, designing initiatives that can more firmly reconnect the bonds between the community and the company's values.



A close-up photograph of industrial machinery, likely a conveyor system or a material processing machine. The image shows various metal components, including rollers, brackets, and adjustment knobs. A large, semi-transparent green rectangle is overlaid on the right side of the image, containing the white number '05'.

05

A close-up, low-angle shot of a car's engine compartment, showing various mechanical parts like the air filter housing and belts. The lighting is bright, creating strong highlights and shadows. In the bottom right corner, a portion of a black tire and a silver wheel rim is visible.

COMMITMENT TO THE ENVIRONMENT

RESPONSIBLE MANAGEMENT OF PRODUCTION PROCESSES

2023 was an important year for SPAC in consolidating its commitment to environmental protection and preservation. The goal for the future is to optimise the use of natural resources, enhance its environmental performance and prevent pollution risks.

This commitment is evident in the management of production systems, aimed at preventing and reducing environmental impacts through the efficient use of natural resources, optimisation of logistics flows and responsible waste management. This contributes to enhancing the company's competitive value, enabling it to maintain a profile of transparency and fairness towards its various stakeholders.

In this regard, SPAC has defined a clear environmental policy, which has also found a significant place within the materiality analysis, and which may be summarised as follows:

- Always comply with applicable environmental regulations, and specifically the Regional Environmental Authorisation and safety obligations.
- Source new, higher-performance raw materials in terms of environmental emissions and waste disposal.
- Implement increasingly energy- and production-efficient processes to reduce waste.
- Use more product eco-design rationale through investments in training for technicians and designers, as well as in the provision of appropriate and tools and equipment.
- Ensure the competence and expertise of human resources to guarantee proper environmental and safety management.



PRODUCTION SITES AND ENVIRONMENTAL IMPACTS

Regarding the presentation of the various data sets that form the analysis and reporting of environmental performance, the company has chosen to split the data for the two production sites of Arzignano (province of Vicenza) and Alonte (province of Vicenza).

Both sites have chosen to implement an environmental management system, certified by the ISO 14001 standard. The primary objective is to identify, evaluate and manage the interactions of production processes with the environment, succeeding in:

1. Operating with a view to preventing any environmental risks, minimising the associated costs and enabling a rapid and effective response to any possible emergency situations.
2. Reflecting on an informed use of natural resources, in a manner consistent with the needs of the socio-economic reference environment, in full

compliance with both mandatory and voluntarily applicable environmental regulations.

3. Increasing awareness of environmental issues at all levels of the organisation, encouraging employee involvement in the implementation of procedures and the search for operational methods aimed at reducing environmental risks and impacts. The Environmental Management System follows the Plan-Do-Check-Act (PDCA) process approach. The ongoing commitment to managing environmental aspects and impacts has also resulted in no contentious matters requiring litigation and possible sanctions during the reporting period.

THE PDCA METHOD: PLANNING AND CONTINUOUS IMPROVEMENT

The PDCA cycle can be applied to all processes and to the Quality and Environmental Management System as a whole. It ensures an approach based on continuous improvement of methods and performance.

1. PLAN: Establishing the system's objectives, its processes, the resources needed to deliver results in accordance with customer requirements and the organisation's policies, and identifying and addressing risks and opportunities.
2. DO: Implementing what has been planned.
3. CHECK: Monitoring and, when applicable, measuring the resulting processes, products, and services against policies, objectives, requirements and planned activities and reporting on the findings.
4. ACT: Taking actions to improve performance.

ENERGY

Thanks to Environmental Management System Certification and corporate awareness, the issue of energy is regarded as both strategic and challenging. In 2023, VEGAM also began generating energy from photovoltaic panels, enabling it to meet nearly 50% of its energy needs in-house, while selling any surplus to the electricity grid. In general, the approach to the energy resources has been developed with a focus on efficiency and rationalisation, through measures which can be summarised as follows:

- More efficient use of energy resources, achieved through targeted programming of ambient lighting (timed switch-offs and the use of dusk sensors), as well as winter and summer conditioning.
- More rational use of domestic hot water

and associated heating, employing micro-accumulation systems operating on a timer exclusively during working hours and set to ECO temperatures.

- Lowering industrial boiler operating temperatures (by 10%) for methane-fuelled systems using diathermic oil, resulting in a significant reduction in methane consumption, particularly at the Vegam site.
 - Implementing an energy consumption monitoring system by line and department.
 - Producing monthly reports of energy costs and consumption trends.
- At SPAC, 2023 saw the installation of a 500-kWh photovoltaic system that will become operational in 2024, which aims to reduce indirect Scope 2 CO2 emissions.

TOTAL ENERGY CONSUMPTION IN GJ

	2023	2022	2021
ELECTRICITY	20.365,84	21.885,58	23.271,40
NATURAL GAS	63.590,38	65.142,44	67.957,31
TOTAL	83.956,22	87.028,02	91.228,71

	2023	2022	2021
ELECTRICITY	3.486,78	3.404,33	3.687,34
NATURAL GAS	805,65	1.007,08	1.495,51
TOTAL	4.292,43	4.411,41	5.182,85

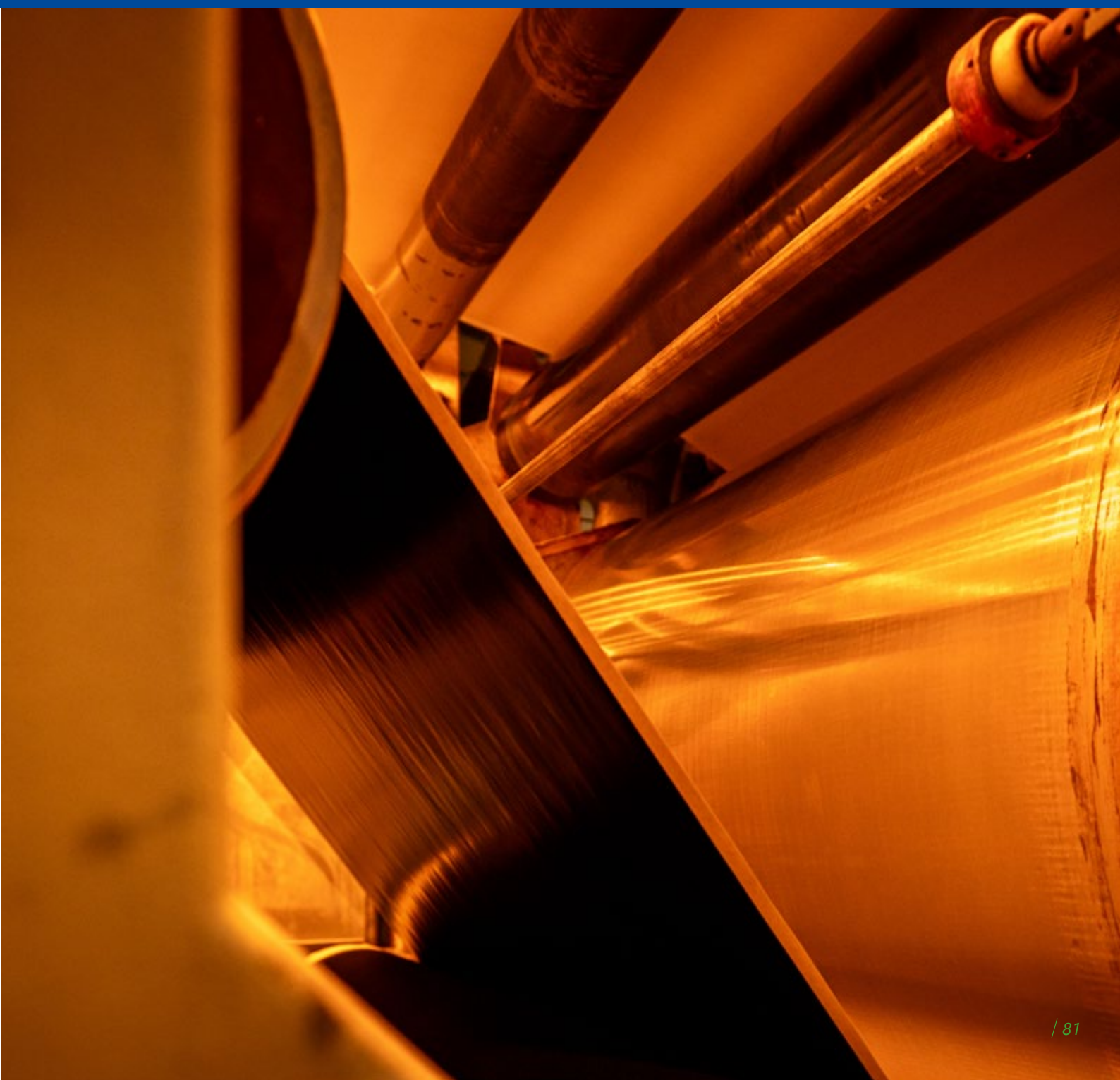
SPAC

VEGAM

2023/2024 IMPROVEMENT TARGETS



- For both production sites, select an electricity supplier that provides power from renewable sources with a guarantee of origin, aiming to significantly reduce Scope 2 indirect CO2 emissions. Install two photovoltaic canopies to increase the proportion of self-generated electricity from renewable sources.
- Implement the Siemens collection system as part of the Energy Management strategy.
- Conduct a feasibility study for heat recovery from afterburners.
- Revamp the electrical system with consumption monitoring.
- Incorporate new usage analysers across various production lines.



EMISSIONS

Regarding emissions of climate-changing gases, SPAC has reported its Scope 1 and 2 GHG (Green House Gas) emissions. GHG emissions are estimated by distinguishing between direct and indirect emissions, which are classified into three categories:

Scope 1 - Direct emissions:

Emissions from the direct combustion of fossil fuels, such as gas used for heating, refuelling transport vehicles and the direct generation of electricity.

Scope 2 - Indirect emissions from external energy use:

Emissions resulting from the supply and combustion of fuels for the generation of electricity or thermal energy purchased externally and consumed by the organisation.

Scope 3 - Other indirect emissions from energy use:

Emissions from the products and services used by the organisation, including GHG emissions related to the fuel supply chain.

The company, in this second edition of the ESG Sustainability Report, has started accounting for Scope 1⁽¹⁾ and Scope 2 emissions. Specifically, regarding Scope 2, emissions have been calculated using the two methods required, namely (as per the GHG Protocol):

Location-based: Emissions calculated based on electricity consumption, considering the mix of energy sources declared at national level.

Market-based: Emissions calculated based on electricity consumption, considering the energy source mix declared in the electricity provider's bill.

As required, both values are reported, but the Market-based value will be used in the overall calculation of Scope 1 and Scope 2 emissions.

(1) For the purpose of calculating SCOPE 1 emissions, the national standard parameters table was used: coefficients applied in the CO2 emissions inventory in the UNFCCC national inventory (average values for 2019-2021).

2024/2025 IMPROVEMENT TARGETS

Regarding Scope 3 indirect emissions, the company has set itself the target of conducting a gap analysis over the next two years on the categories that directly impact its business model. This will be followed by the development of a calculation system and a plan to further reduce CO2 emissions.

SPAC has shown particular commitment to product packaging, by choosing to purchase a carbon-neutral film with offset emissions from a local supplier. For detailed information about the Greenside project, please visit: <https://www.greensidepackaging.com/ita/>.



GREENSIDE
Il modello di innovazione sostenibile

SPAC

GHG EMISSIONS (tCO ₂ e)	2023	2022	2021
SCOPE 1 DIRECT EMISSIONS			
NATURAL GAS	3.6127,7	3.600,3	3.755,8
DIESEL	129,9	106,9	88,0
F-GAS LEAKS	0,0	0,0	42,6
TOTAL SCOPE 1 EMISSIONS	3.742,6	3.707,1	3.886,5
SCOPE 2 INDIRECT EMISSIONS			
LOCATION-BASED ELECTRICITY	2.020,5	2.171,2	2.308,7
MARKET-BASED ELECTRICITY	2.582,9	2.775,6	2.951,4
DIRECT EMISSIONS (SCOPE 1) AND INDIRECT EMISSIONS (SCOPE 2)			
TOTAL SCOPE 1+SCOPE 2 LOCATION-BASED EMISSIONS	5.763,1	5.878,4	6.195,2
TOTAL SCOPE 1+SCOPE 2 MARKET-BASED EMISSIONS	6.325,5	6.482,8	6.837,9

SCOPE 1 EMISSIONS COMPARED TO THE BASE YEAR 2021: -3.8%
SCOPE 2 EMISSIONS COMPARED TO THE BASE YEAR 2021: -12.49%

VEGAM

GHG EMISSIONS (tCO ₂ e)	2023	2022	2021
SCOPE 1 DIRECT EMISSIONS			
NATURAL GAS	45,8	57,2	85,0
DIESEL	0,0	0,0	0,0
F-GAS LEAKS	0,0	0,0	0,0
TOTAL SCOPE 1 EMISSIONS	45,8	57,2	90,6
SCOPE 2 INDIRECT EMISSIONS			
LOCATION-BASED ELECTRICITY	190,7	337,7	365,8
MARKET-BASED ELECTRICITY	243,8	431,8	467,6
DIRECT EMISSIONS (SCOPE 1) AND INDIRECT EMISSIONS (SCOPE 2)			
TOTAL SCOPE 1+SCOPE 2 LOCATION-BASED EMISSIONS	236,5	395,0	456,4
TOTAL SCOPE 1+SCOPE 2 MARKET-BASED EMISSIONS	243,8	431,8	558,2

SCOPE 1 EMISSIONS COMPARED TO THE BASE YEAR 2021: -46.1%
SCOPE 2 EMISSIONS COMPARED TO THE BASE YEAR 2021: -47.87%





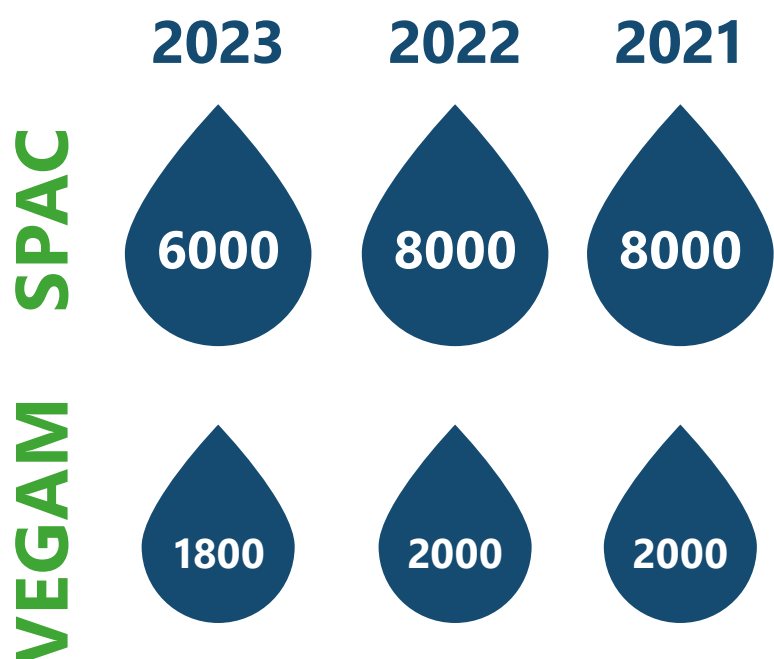
WATER

The water drawn from the aqueduct is not used in the production processes of SPAC and VEGAM, but exclusively for personal services and firefighting. This sustainable use of water is particularly significant because the Arzignano site is located in a geographical area that has been at the centre of issues related to the environmental impacts of PFAS contamination in local groundwater. This is a concern shared by the local community due to its effects on residents' health and daily lives. SPAC's production process does not require water input nor discharge into the wastewater treatment plant and consequently does not have a hazardous impact on the environment.

Recognising the importance of water as a common good, the company is committed to its responsible use by promoting good practices, also outlined in a corporate handbook distributed to employees in 2022.

Accurate water metering at both production sites began in 2022, as illustrated in the table below. The 2021 figures are estimated to be broadly similar to those of 2022.

WATER WITHDRAWAL IN CUBIC METRES



WASTE

The ISO 14001 Environmental Management System commits SPAC to managing its waste with an increasing focus on environmental impacts. The type and quantity of waste generated is closely linked to the production mix, including general waste such as paper, cardboard for packaging, wood, metal, electrical materials as well as specific waste including textile waste, inks, adhesives, absorbent materials and cleaning waste. At SPAC, 90% of the waste is recovered, while at Vegam, the recovery rate reaches up to 98%. For both sites, waste is delivered to an external disposal contractor.

With a circular economy approach in mind, the company has undertaken initiatives on two different fronts. On the one hand, continuation of the disposal

and recovery project for trimmings from the production of coated fabric from which it is possible to extract certain organic substances that are then used by other local companies in production processes different from those at SPAC. On the other hand, the company has taken preparatory steps to launch a project aimed at recycling release paper for reuse in the packaging industry. From 2024, in fact, a significant portion of paper waste will be destined for a company in Belgium, where it will be given a new life.

The tables below specify the management methods and the quantities of waste for the three reporting years of Annual Sustainability Report.

TOTAL WASTE IN TONNES (t)

SPAC

	2023			2022			2021		
WASTE	TOTAL	DIVERTED FROM DISPOSAL	DIRECTED TO DISPOSAL	TOTAL	DIVERTED FROM DISPOSAL	DIRECTED TO DISPOSAL	TOTAL	DIVERTED FROM DISPOSAL	DIRECTED TO DISPOSAL
NON-HAZARDOUS	1.674	1.611	63.3	1.710	1.623	87	1.823	1.713	110
HAZARDOUS	259	187	71	281	174	107	322	219	103
TOTAL WASTE	1.933	1.798	135	1.991	1.797	194	2.145	1.932	213
GENERAL WASTE (assorted packaging, paper and iron)	673	566	107	685	563	122	813	674	139
SPECIFIC WASTE (non-conforming products and production scraps)	1.260	1.798	27	1.306	1.234	72	1.332	1.258	74

VEGAM

	2023			2022			2021		
WASTE	TOTAL	DIVERTED FROM DISPOSAL	DIRECTED TO DISPOSAL	TOTAL	DIVERTED FROM DISPOSAL	DIRECTED TO DISPOSAL	TOTAL	DIVERTED FROM DISPOSAL	DIRECTED TO DISPOSAL
NON-HAZARDOUS	263	240	23,3	278	273	5	292	284	8
HAZARDOUS	0,9	0,7	0,2	0,5	0,5	-	0,4	0,4	-
TOTAL WASTE	264	240	23,5	278,5	273,5	5	292,4	284,4	8
GENERAL WASTE (assorted packaging, paper and iron)	149	137	12	175	171	4	188	180	8
SPECIFIC WASTE (non-conforming products and production scraps)	115	103	12	103	103	0,2	104,4	105	-



2024/2025 IMPROVEMENT TARGETS

- Increase the amount of paper to be reused
- Develop circular economy projects for fabric waste management







GRI CONTENT OVERVIEW

GRI content overview

GRI INDICATOR	PAGES	SECTION OR SUB-SECTION	NOTES
GRI 2 - GENERAL DISCLOSURES			
1.	THE ORGANISATION AND ITS REPORTING PRACTICES		
2-1	Organisational details	11	The SPAC SpA organisation
2-2	2-2 Entities included in the organisation's sustainability reporting	30	Materiality analysis and reporting methodology
2-3	2-3 Reporting period, frequency and contact point	30	Materiality analysis and reporting methodology
2-4	Restatements of information		First-time Report
2-5	2-5 External assurance		Not required
2.	ACTIVITIES AND WORKERS		
2-6	2-6 Activities, value chain and other business relationships	11;58	The SPAC SpA organisation
2-7	Employees	62-64	The organisational structure
2-8	Non-employee workers	62-64	The organisational structure
3.	GOVERNANCE		
2-9	Governance structure and composition	22	The Governance structure
2-10	Nomination and selection of the highest governance body	22	The Governance structure
2-11	Chair of the highest governance body	22	The Governance structure
2-12	Role of the highest governance body in overseeing the management of impacts	24	Sustainability-oriented governance
2-13	2-13 Delegation of responsibility for managing impacts	24	Sustainability-oriented governance
2-14	Role of the highest governance body in sustainability reporting	24	Sustainability-oriented governance
2-15	Conflicts of interest		No conflicts of interest exist
2-16	Communication of critical concerns	25	Risk management and brand reputation
2-17	Collective knowledge of the highest governance body	24	Sustainability-oriented governance
2-18	Evaluation of the performance of the highest governance body	24	Performance appraisal
2-19	Remuneration policies	25	Remuneration policies
2-20	Process to determine remuneration	25	Remuneration policies
2-21	Annual total compensation ratio		The company is preparing the relevant calculation for the next reporting period
4.	STRATEGY, POLICIES AND PRACTICES		
2-22	Statement on sustainable development strategy	7;44	Materiality analysis and reporting methodology
2-23	Policy commitments	25	Business ethics and integrity
2-24	Embedding policy commitments	25	Business ethics and integrity

GRI INDICATOR		PAGES	SECTION OR SUB-SECTION	NOTES
2-25	Processes to remediate negative impacts	25	Risk management and brand reputation	
2-26	Mechanisms for seeking advice and raising concerns	24-25		
2-27	Legislative and regulatory compliance	24-25	Sustainability-oriented governance	
2-28	Membership associations	41	The power of stakeholder engagement	
5.	STAKEHOLDER ENGAGEMENT			
2-29	Approach to stakeholder engagement	40-41	The power of stakeholder engagement	
2-30	Collective bargaining agreements	22	The organisational structure	
GRI 3 - MATERIAL TOPICS				
DISCLOSURES ON MATERIAL TOPICS				
3-1	Process to determine material topics	32	The materiality analysis process	
3-2	List of material topics	34	Materiality matrix	
SPAC MATERIAL TOPICS				
1.	Ensure good business performance			
GRI 3-3	Material topics management	26-27	Business performance that outlines the path to sustainability	
GRI 201	Economic performance			
201-1	Economic value directly generated and distributed	27	Business performance that outlines the path to sustainability	
2.	Support investments with a future vision for business development			
GRI 3-3	Material topics management	27,52	SPAC's product: a sustainability oriented path	
NOT GRI		27,52	SPAC's product: a sustainability oriented path	
3.	Invest in process and product innovation			
GRI 3-3	Material topics management	52;54	Research, Development and Quality two key assets for competitiveness	
NOT GRI				
4.	Guarantee business ethics and integrity			
GRI 3-3	Material topics management	25	Business ethics and integrity	
GRI 2-23	Policy commitments	25	Business ethics and integrity	
GRI 2-24	Embedding policy commitments	25	Business ethics and integrity	
5.	Develop new markets			
GRI 3-3	Material topics management	56	Advisory approach to anticipate market demands. An increasingly sustainable supply chain	
NOT GRI				

GRI INDICATOR		PAGES	SECTION OR SUB-SECTION	NOTES
6.	Place the focus on customer needs			
GRI 3-3	Material topics management	56	Advisory approach to anticipate market demands	
GRI 417	Marketing and labelling			
GRI 417-2	Incidents of non-compliance concerning product and service labelling and information	52; 54	Research, Development and Quality - two assets for competing	No incidents of non-compliance with regulations and/or voluntary codes concerning labelling and product information were recorded in the reporting period.
7.	Pursue a clear sustainability strategy			
GRI 3-3	Material topics management	30; 34	Materiality Analysis. The environmental impact of synthetic coating and the sustainability context	
GRI 2-22	Statement on sustainable development strategy	7; 44	Message to our stakeholders	
GRI 2-24	Embedding policy commitments	25	Business ethics and integrity	
8.	Ensure occupational health and safety			
GRI 3-3	Material topics management	70-73	Health and safety, priority values	
GRI 403	Occupational health and safety			
GRI 403-1	Occupational health and safety management system	72-73	SPAC safety management system	
GRI 403-2	Hazard identification, assessment of risks and incident investigation	72-73	SPAC safety management system	
GRI 403-3	Occupational health services	72-73	SPAC safety management system	
GRI 403-4	Worker participation, consultation and communication on occupational health and safety	70-73	Health and safety, priority values	
GRI 403-5	Occupational health and safety employee training	70	Health and safety, priority values	
GRI 403-6	Promotion of worker health	70	Health and safety, priority values	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72-73	SPAC safety management system	
GRI 403-8	Workers covered by an occupational health and safety management system	70-73	Health and safety, priority values	
GRI 403-9	Work-related injuries	73	SPAC safety management system	
GRI 403-10	Work-related ill health	70-73	Health and safety, priority values	
9.	Guarantee gender equality at the company			
GRI 3-3	Material topics management	66-67	The goal of gender equality	
GRI 405	Diversity and equal opportunity			
405-1	Diversity in governance bodies and employees	22, 68	The Governance structure. SPAC's employees, a strategic resource for business success	
405-2	Ratio of basic salary and remuneration of women to men	66-67	Gender equality	

GRI INDICATOR		PAGES	SECTION OR SUB-SECTION	NOTES
10.	Place the focus on the well-being of employees by defining employment and remuneration policies and suitable welfare policies			
GRI 3-3	Material topics management	62	SPAC employees. A strategic resource for business success	
GRI 401	Employment			
GRI 401-1	New employee hires and employee turnover	64	SPAC employees. A strategic resource for business success	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	65	SPAC employees. A strategic resource for business success	
GRI 401-3	Parental leave	64	SPAC employees. A strategic resource for business success	
11.	Ensure training and upskilling			
GRI 3-3	Material topics management	68	Training, renewing the capital of shared knowledge	
GRI 404	Training and education			
GRI 404-1	Average hours of training per year per employee	68-69	Training, renewing the capital of shared knowledge	
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	68-69	Training, renewing the capital of shared knowledge	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	68-69	SPAC employees. A strategic resource for business success	
12.	Place the focus on the local area with projects for the local community and the various institutions			
GRI 3-3	Material topics management	74	The local community, a value that aids growth	
GRI 413	Local communities			
413-1	Operations with local community engagement, impact assessments and development programmes	74	The local community, a value that aids growth	
13.	Place the focus on mitigating impacts linked to climate change			
GRI 3-3	Material topics management	79	Responsible management of production processes	
GRI 302	Energy			
GRI 302-1	Energy consumption within the organisation	80	Production sites and environmental impacts	
GRI 305	Emissions			
GRI 305-1	Greenhouse gas (GHG) direct (Scope 1) emissions	83	Production sites and environmental impacts	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	83	Production sites and environmental impacts	
14.	Place the focus on waste management with a view to recovery and the circular economy			
GRI 3-3	Material topics management	86	Production sites and environmental impacts	
GRI 306	Waste			

GRI INDICATOR		PAGES	SECTION OR SUB-SECTION	NOTES
GRI 306-1	Waste generated.	86	Production sites and environmental impacts	
GRI 306-2	Waste diverted from disposal	86	Production sites and environmental impacts	
GRI 306-3	Waste directed to disposal	86	Production sites and environmental impacts	
15. Continue to invest in product Research and Development thanks to LCA (Life-cycle Assessment) studies and product eco-design				
GRI 3-3	Material topics management	52, 54	Research & Development and Quality: two assets for competing, LCA and eco-design: tools for product innovation	
GRI 203 Indirect economic impacts				
GRI 203-2	Significant indirect economic impacts	52, 54	Research & Development and Quality: two assets for competing, LCA and eco-design: tools for product innovation	
16. Implement the use of recycled raw materials				
GRI 3-3	Material topics management	44	The environmental impact of artificial coated plastics and the sustainability context	
GRI 301 Materials				
GRI 301-1 Materials used based on weight or volume		45-47	The environmental impact of artificial coated plastics and the sustainability context	
GRI 301-2	Recycled input materials used	45-47	The environmental impact of artificial coated plastics and the sustainability context	

For any queries regarding this Report, please contact Giovanni Cogo
Human Resources Management
Tel: + 39 (0)444 451451
Email: info@spac-spa.it

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SPAC SPA

Via Sesta Strada, 45 - 36071
Arzignano (VI) - Italy

T. +39 (0)444 451451

info@spac-spa.it
www.spac.eu