



ZUCCHETTI
Centro Sistemi

SUSTAINABILITY
REPORT 2023



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LETTER TO STAKEHOLDERS

It is with great pleasure and pride that we present Zucchetti Centro Sistemi S.p.A.'s first Sustainability Report to convey with transparency and clarity our development strategies and how we approach them. First and foremost, I extend my heartfelt thanks to everyone involved in collecting data and drafting this report. This is just the beginning of a long journey of challenges and improvements towards achieving economic, financial, social and environmental sustainability.

Since beginning our adventure as a software house in 1985, we have evolved into a leader in technological innovation in the fields of IT, robotics, automation and renewable energy. Our growth is driven not only by innovation - which is integral to our company's DNA - but also by our commitment to sustainability and valuing human capital. With a shared vision, enthusiasm and a strong sense of responsibility, we have embarked on this virtuous path of growth.

The skills and dedication of our employees are the backbone of our company, and we are committed to providing a welcoming, reliable and safe working environment for every member of our group.

Finally, I would like to point out that environmental responsibility is a pillar on which we are building the future of our group. We recognise the complexity and ever-evolving nature of the path to sustainability, which is why we emphasise constant collaboration and cooperation among all stakeholders.

In the coming months and years, we will launch numerous projects focused on energy savings, digital transformation and product quality. Our goal is to reduce the environmental impact of our operations, and we are committed to achieving this.

Together, I am confident we will continue to make a meaningful difference.

PRESIDENT
CAV. LAV. FABRIZIO BERNINI



ZCS GROUP ZUCCHETTI CENTRO SISTEMI

Zucchetti Centro Sistemi SpA (ZCS) was founded in 1985 from the entrepreneurial spirit of Cav. Lav. Fabrizio Bernini, today shareholder and CEO of the company. The entrepreneur's excellent ability to anticipate market changes over the years has enabled ZCS to evolve from a small, family-run software business to a global multi-business management company (software, automation, robotics and renewable energy) and to broaden its reach to international markets. In 2000, the company became part of the Zucchetti SpA group, an Italian leader in the field of Information and Communication Technologies (ICT).



Located in the Valdarno area of Arezzo and with decentralised offices in the Tyrrhenian area of Tuscany (Bientina - Pisa), Emilia (Parma), Sardinia (Sassari, Nuoro and Cagliari) and Perugia, as well as subsidiaries in Piedmont, Lombardy, Veneto, Campania, Puglia and Basilicata, ZCS is divided into five Business Units (software, automation, healthcare, robotics and renewable energy) that offer advanced technological solutions in the various sectors in which they operate. The aim is to offer customers, whether companies or private individuals, intelligent and sustainable solutions with effective savings in terms of costs and time while respecting the health and safety of people and the environment.

Zucchetti Centro Sistemi's vision is based on three core pillars: Innovation – Sustainability – Human Capital. The combination of these three elements forms the basis for the company's actions and corporate ethos. At ZCS, innovation is seen as a culture: an approach that involves the courage to think creatively and develop products that previously did not exist, but can provide solutions for the future and enhance the lives of many customers, including both end users and companies. However, human capital is the real driving force behind ZCS. The company's employees are united by values such as creativity, passion, responsibility for their work and respect for others.



Sustainability is at the heart of the company's actions, supported by a dedicated company division that works daily to promote the energy transition towards the widespread adoption of renewable energies. In today's era of significant transitions, ZCS stands out as a leader in technological innovation. The company remains rooted in its origins and territory, adeptly responding to the evolving demands of an increasingly smart and green market, and is already looking ahead to the new phase of Industry 5.0.

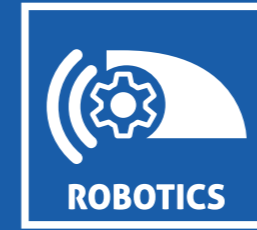
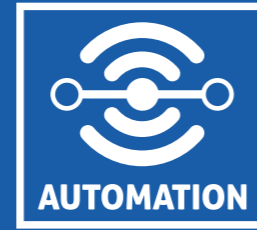
Over the years, ZCS has received numerous innovation awards, both in Italy and abroad, particularly in the gardening robotics sector. The most prestigious award is the Prize of Prizes for Innovation, established by the Presidency of the Council of Ministers, which it received in 2010 "for the innovation of its products." In 2014, the company received the prestigious award for "the approach and commitment of Management to innovation and social responsibility." In 2017, Fabrizio Bernini, President of the Company, was awarded the title of "Cavaliere del Lavoro" (Knight of Labour) by the President of the Italian Republic, Sergio Mattarella, on the recommendation of the Minister of Economic Development, Carlo Calenda.

Finally, in 2019, Zucchetti Centro Sistemi S.p.A. participated in the "Struttura Urbana Multifunzionale Attiva" (SUMA) project. Funded by the Region of Tuscany, this project aimed to develop an integrated system of multifunctional urban furniture structures that are energy-active and dedicated to managing energy produced by renewable sources.

In 2023, the book "Qualsiasi Cosa Accada" (Whatever Happens) by Filippo Boni was published by Aska, which narrates the human and professional journey of President Cav. Lav. Fabrizio Bernini. The book paints a portrait of a courageous and fearless man who, despite facing numerous challenges, always knew how to get back on his feet, steadfastly pursuing his dream and the professional goals he had set for himself. This determination ultimately led him to become one of the greatest self-made men in Tuscany's industrial history, defeating the spectres that had threatened him since childhood. Thus, the life of the visionary entrepreneur also serves as a universal lesson. It offers a profound and authentic confession, providing hope and inspiration for young people and urging them to never give up on their dreams.



DIVISIONS AND MARKETS



SOFTWARE DIVISION

Designs and offers solutions conceived and developed for small, medium and large companies, as well as for specific sectors and industrial needs. These solutions aim to improve efficiency and effectiveness in business processes. Specialists in the development of in-Cloud vertical and custom solutions, guaranteeing constant updates, releases and upgrades. The flagship products are Teseo7, Cassiopea and Infinity for medium and large companies, while Smarty is specifically for micro and small enterprises. The division is also a key player in the HR field through ZCS People, Zucchetti HR's leading centre of excellence in Italy, which employs over 200 people and operates 15 offices nationwide.

HEALTHCARE DIVISION

Designs and supplies integrated IT systems for healthcare facilities and hospital services. In particular, it specialises in solutions for analysis laboratories, anatomical pathology laboratories, human milk banks and transplant centres. It also develops "intelligent" medical devices and integrated solutions for software interfacing with electronic devices and instruments.

AUTOMATION DIVISION

Develops and distributes systems for tracking and monitoring items for the industrial, healthcare, hospitality, service and environmental sectors, using RFID technology and automating flows. The automation division acts as a tracking specialist, with the aim of enhancing process efficiency, safety and cost savings for its customers.

ROBOTICS DIVISION

The division is dedicated to simplifying the everyday life of customers by helping them save one of their most precious resources: time. Since 2000, the robotics division has been designing, manufacturing and distributing innovative high-tech robots, leveraging extensive know-how and expertise in mechatronics. The flagship products are the Ambrogio automatic lawnmower, now enhanced with artificial intelligence, and NEMH20, the revolutionary pool cleaning robot.

GREEN INNOVATION DIVISION








Founded in 2017, the Green Innovation Division focuses on maximising energy independence for residential, commercial and industrial settings. It offers a range of innovative energy-saving solutions for people and companies, such as photovoltaic inverters, smart storage systems, electric vehicle charging stations and monitoring systems. The main product line is ZCS Azzurro, which includes over fifty models of inverters, batteries and charging stations.



The heart and soul of ZCS is the Research and Development area, known as the "Laboratory of Ideas (Idealab)", made up of technicians, IT experts, mechanical and electronic engineers and designers. Since 2005, it has been incubating the best ideas and transforming them into market-ready solutions. Since 2021, the Idealab has been evolving and expanding to meet the needs of increasingly specific and demanding markets. The Strategic Business Units (SBUs) each have dedicated teams of technicians who turn ideas and projects into practical solutions, incorporating the most innovative technologies. They work together under a unified management system, sharing knowledge and coordinating efforts to improve skills and leverage expertise. To seize the opportunities of new technologies, the Laboratory of Madness was established in 2023, which focuses on developing artificial intelligence projects and incorporating them into various ZCS solutions and projects, functional to the divisions.



GOVERNANCE AND OFFICES

Zucchetti Centro Sistemi S.p.A. is headquartered at Via Lungarno 305, Terranuova Bracciolini, in the Valdarno Aretino region. Over the years, the company has grown considerably, establishing new offices and branches across Italy. The headquarters in Terranuova Bracciolini comprises four different buildings: Building of Ideas, Building of Innovation, Building of Technology and the Logistics Hub. The branches, on the other hand, are located throughout Italy to ensure broad coverage and proximity to customers:

-  **Bientina Branch**, 56031, Bientina (PI)
-  **Perugia Branch**, 06135, Ponte San Giovanni (PG)
-  **Parma Branch**, 43122, Parma (PR)
-  **Cagliari Branch**, 09122 Cagliari (CA)
-  **Sassari Branch**, 07100, Sassari (SS)
-  **Nuoro Branch**, 08100, Nuoro (NU)
-  **Torino Branch**, 10135, Torino (TO)

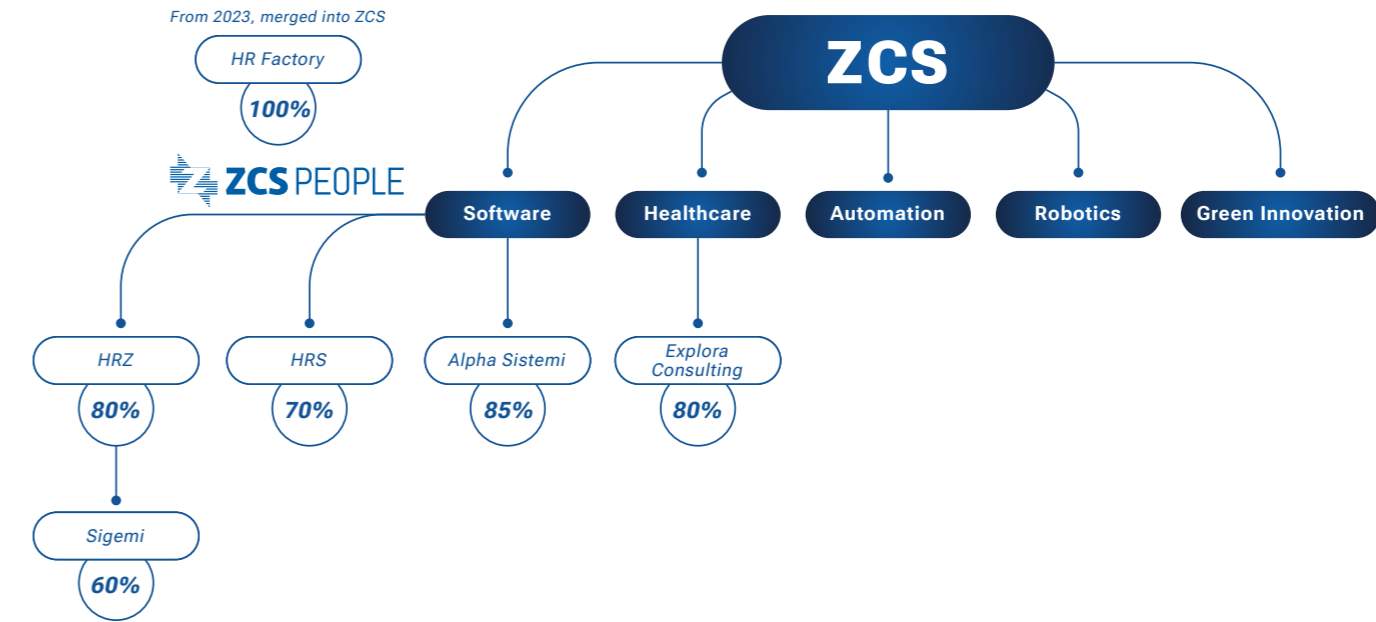


LEGEND

-  Branches
-  Subsidiaries

The Zucchetti Group is made up of Zucchetti Centro Sistemi, its branches and subsidiaries. It is a joint-stock company with shares equally owned by Zucchetti Group S.p.A. and Mabe Group S.r.l. In addition to its direct subsidiaries, Zucchetti Centro Sistemi S.p.A. also owns HRZ Milano S.r.l., Alpha Sistemi S.r.l., and HR Sud S.r.l. and, as of June 2023, Explora Consulting S.r.l. HRZ Milano S.r.l., which controls Sigemi S.r.l. All these subsidiaries are included in the reporting of this Sustainability Report. Furthermore, as of 1st January 2023, HR Factory S.r.l. was merged by incorporation into Zucchetti Centro Sistemi S.p.A.

The Board of Directors is composed of Fabrizio Bernini, founder and Chairman, Anna Burzagli and Chiara Bernini. The members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting, which also has the power to appoint the Chairman. The Board has full authority and power over the ordinary and extraordinary management of the company. It is important to highlight that the highest governing body, i.e. the Zucchetti Centro Sistemi S.p.A. Board of Directors, has a female majority, with women comprising 66% of its members, surpassing the industry average.



The Board of Statutory Auditors, i.e. the supervisory body, is chaired by Federico Susini, and comprises three standing auditors and two alternate auditors. In addition to the chairman, the members of the Board of Statutory Auditors are Emilio Mantovani, Roberto Parigini, Paolo Billi and Massimo Vento. The appointed auditing company is Deloitte & Touche S.p.A.

A widespread organisational model has been adopted for managing ESG issues, with a sustainability team comprising professionals from various departments. The main roles in the team belong to the maintenance, legal, administration and finance, management control, marketing, human resources, quality and environmental departments.

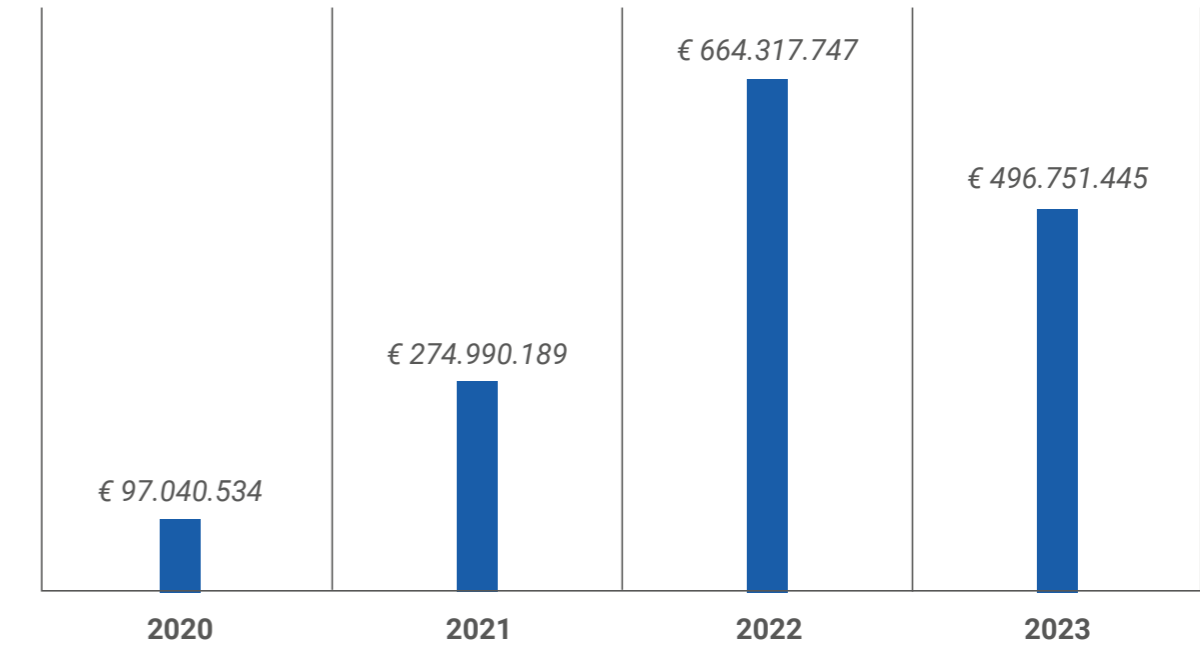
Currently, there are no formal delegations of authority for sustainability issues within the Board of Directors, and consequently, no directors' fees are linked to ESG targets.

As of 2023, Zucchetti Centro Sistemi S.p.A. has started implementing an Organisation, Management and Control Model pursuant to Leg. Decree No. 231. The general part of the Model was completed by the end of 2023, with individual procedures set to be released in 2024.

The establishment of this model is a crucial step for the company as it enables a thorough assessment of the risks associated with the diverse operations of its various divisions, each performing very different activities. In addition, a whistleblowing system has also been set up to allow anonymous reporting of corruption or misconduct. In 2023, there were no reported cases of corruption or non-compliance with laws and regulations. However, there is currently one ongoing lawsuit related to patent infringement and seven other proceedings for debt collection.

Furthermore, Zucchetti Centro Sistemi S.p.A. is a member of trade associations such as Confindustria Toscana Sud and Anitec-Assinform. The company is UNI ISO 9001 and 14001 (Building of Innovation) certified. It is also EA37 certified as a Qualified Training Centre for Industry 4.0. For financial data, please refer to the notes in the financial statements.

ZCS GROUP - TURNOVER



DIVERSITY OF GOVERNANCE BODIES

	2022			2023		
	< 30	30-50	>50	< 30	30-50	>50
Men	-	-	33%	-	-	33%
Women	-	33%	33%	-	33%	33%

SUSTAINABILITY STRATEGY

MAIN STAKEHOLDERS

Stakeholder involvement is crucial for the success of an effective corporate strategy, which should take into account and monitor the company's social and environmental impacts. Stakeholders are individuals who influence or can be influenced by the decisions of Zucchetti Centro Sistemi S.p.A.

While there are many stakeholders, some are more significant than others, and the Sustainability Report is designed to communicate ZCS's efforts to them in a clear and transparent manner.

Below are the expectations of these Stakeholders and how ZCS addresses them.

STAKEHOLDER	Suppliers	Public administration	Financial institutions	Customers	Employees	Trade associations	Schools and universities	Local community
EXPECTATIONS	<ul style="list-style-type: none"> - Continuity of the relationship - Negotiating conditions - Qualification and assessment 	<ul style="list-style-type: none"> - Corporate governance - Transparency - Legality - Social impacts - Environmental impacts 	<ul style="list-style-type: none"> - Transparency - Economic sustainability 	<ul style="list-style-type: none"> - Product quality - Reliability of the service - Environmental impacts - Social impacts 	<ul style="list-style-type: none"> - Health and safety - Growth and training - Quality of work - Diversity and equal opportunity - Industrial relations 	<ul style="list-style-type: none"> - Involvement in events and initiatives - Guarantee of workers' rights 	<ul style="list-style-type: none"> - Training of students - Employment opportunities 	<ul style="list-style-type: none"> - Social impacts - Environmental impacts - Employment - Legality - Support to social initiatives
INVOLVEMENT METHODS	<ul style="list-style-type: none"> - Website - Initiatives and events - Direct request for information 	<ul style="list-style-type: none"> - Website - Reports and financial statements - Direct request for information 	<ul style="list-style-type: none"> - Website - Reports and financial statements 	<ul style="list-style-type: none"> - Website - Direct request for information - Events - Commercial communications 	<ul style="list-style-type: none"> - Website - Training courses - Collective bargaining - Initiatives and events - Company notice board 	<ul style="list-style-type: none"> - Events and initiatives 	<ul style="list-style-type: none"> - Events and initiatives - Training courses - Internships 	<ul style="list-style-type: none"> - Website - Sponsorships and events
FREQUENCY	Monthly	Half-yearly	Monthly	Monthly	Daily	Daily	Monthly	Yearly

MATERIALITY ANALYSIS

The company conducted a materiality analysis for the first time in 2022, inspired by the guidelines provided by the GRI Sustainability Reporting Standard. The purpose of the materiality analysis is to identify the environmental, social and economic impacts of the company. The most significant of these impacts are categorised as "material impacts" and are analysed in this report. Once the material impacts are identified, they will form Zucchetti Centro Sistemi S.p.A.'s sustainability strategy.

In this case, an analysis of market and industry trends was carried out in order to identify potentially relevant impacts for Zucchetti Centro Sistemi S.p.A.

Subsequently, the sustainability team assessed the relevance of each identified impact, considering factors such as severity, extent and likelihood. In the first year, direct stakeholder engagement was not conducted. Instead, the sustainability team used a dual-vote approach: the first evaluated impacts from the company's perspective and the second from the stakeholders' perspective. Stakeholder opinions were collected and played a role in determining the material impacts.

TOPICS	IMPACTS	INVOLVEMENT
Employee well-being	<ul style="list-style-type: none"> - Employee benefits - Employee training and development - Attraction of talent 	-
	<ul style="list-style-type: none"> - Differences in treatment related to diversity aspects 	Caused by the Group
Climate change	<ul style="list-style-type: none"> - Greenhouse gas (GHG) emissions - Emission of pollutants into the atmosphere - Energy consumption 	Caused by the Group and related to business relations
	<ul style="list-style-type: none"> - Adaptation to climate change 	-
Local communities	<ul style="list-style-type: none"> - Generation of wealth for the community - Development of local communities 	-
Recycling, waste and scrap	<ul style="list-style-type: none"> - Recycling of products at end-of-life - Reuse of by-products 	-
	<ul style="list-style-type: none"> - Generation of electronic waste 	Caused by the Group
Procurement practices	<ul style="list-style-type: none"> - Exploitation of labour in the supply chain - Child labour in the supply chain 	Related to the Group's business relations
	<ul style="list-style-type: none"> - Social and environmental assessment of suppliers - Supply chain traceability 	-
Business ethics	<ul style="list-style-type: none"> - Non-compliance with laws and regulations 	Caused by the Group and related to business relations
	<ul style="list-style-type: none"> - Incidents of corruption 	
Responsible use of technologies	<ul style="list-style-type: none"> - Sicurezza dei dati - Development of technologies for the ecological transition - Responsible use of new technologies - Creation of digital skills 	-

ENVIRONMENTAL RESPONSIBILITY

ENERGY AND ITS USES

Zucchetti Centro Sistemi S.p.A. is constantly committed to minimising the impact of its activities on the surrounding environment, focusing primarily on reducing energy consumption and atmospheric emissions. As a demonstration of this commitment, the company established the Green Innovation Business Unit, which is dedicated to providing innovative solutions for energy independence and conservation, facilitating the energy transition process.

In 2021, ZCS's Building of Innovation, the headquarters of the Robotic and Green Innovation divisions, obtained the ISO 4001 environmental certification, the European standard for environmental management.

This certification aligns with the company's growth strategy, emphasising environmental protection, pollution prevention and the reduction of energy and resource consumption.

As the company does not have any production facilities of its own, its energy consumption is largely associated with office and warehouse activities. In this regard, ZCS has constructed buildings with high sustainability features. For example, there are green solar screens, i.e. plants covering the façades of the buildings. This design feature provides benefits such as enhanced thermal insulation, rainwater absorption and improved air quality.

In addition, all buildings in Terranuova Bracciolini are fitted with rooftop solar panels, generating a total power of 305 kW. Many of the buildings are completely powered by electric heat pumps, which eliminates the consumption of methane gas for heating and can also be used for cooling in the summer months.

The main energy used by Zucchetti Centro Sistemi S.p.A. is electricity, used in all its offices. In 2023, electricity consumption totalled 936,775 kWh. The electrical energy purchased includes a portion of energy from renewable sources, supplemented by self-generated power from photovoltaic systems. However, not all of the electricity comes from renewable sources.

The second most used energy source is diesel, which is used to power the company's fleet of vehicles. The main contributors to emissions from travel are customer service, sales and application consultants who frequently visit customers to assist with the installation of the systems designed by ZCS. Finally, methane gas (i.e. natural gas) is mainly used for heating buildings and, to a lesser extent, to fuel some company vehicles. In total, the energy consumption for methane gas, diesel, petrol and electricity amounted to 13,351 GJ in 2023, reflecting a 5% decrease compared to 2022.



GIGAJOULE (GJ)		
	2022	2023
Total energy consumption (GJ)	15.090	14.271
Methane gas	1.266	1.094
Diesel	10.228	8.737
Petrol	706	1.068
Electricity	2.890	3.372

The conversion to gigajoules (GJ) is based on the table of standard parameters provided by ISPRA. However, for converting litres of diesel and petrol into tonnes, DEFRA's conversion factors were used. To make energy consumption more comparable with other companies, the energy intensity relative to turnover is given below. This ratio considers the company's internal energy consumption, which includes energy from both fuel and electricity. Estimates were used for the energy consumption of some branches due to a lack of data from the building administrators.

	Unit of measurement	2022	2023
Total energy consumption	GJ	15.090	13.551
Turnover	Euro	664.317.747	496.751.445
Energy intensity on turnover	GJ/Euro	0,00002271	0,00002728



CO₂ EMISSIONS

Greenhouse gas emissions are closely linked to the company's energy consumption. In 2023, CO₂ emissions produced directly by the company (Scope 1) amounted to 786 tonnes of CO₂. Methane gas accounts for only a small portion of these emissions, with the majority of Scope 1 emissions coming from the combustion of diesel and petrol in company vehicles, as detailed in the section relating to energy. Consequently, future efforts to reduce direct emissions will concentrate on employee transportation, favouring electric or hybrid vehicles and other more sustainable means of transport wherever possible. In this regard, a comprehensive evaluation of business travel is underway to identify opportunities for replacing conventional cars with hybrid or electric models, aiming to further reduce emissions. Early signs of progress include a reduction in diesel consumption and a slight increase in petrol consumption, reflecting the gradual shift from diesel to hybrid vehicles.

	Unit of measurement	2022	2023
Emissions from non-renewable fuels	Tonnes of CO ₂	879	786
Methane gas	Tonnes of CO ₂	71	62
Diesel	Tonnes of CO ₂	756	646
Petrol	Tonnes of CO ₂	52	78

Scope 2 emissions deriving from electricity are decreasing, which is mainly due to the installation of two new photovoltaic systems in 2023. These systems were installed on the roofs of the Building of Technology and the Building of Ideas at the Terranuova Bracciolini site. They have a combined capacity of 110 kW and have contributed to lowering the amount of electricity drawn from the grid.

	Unit of measurement	Location-based emissions		Market-based emissions	
		2022	2023	2022	2023
Emissions from purchased electricity	Tonnes of CO ₂	193	210	159	184

110 kW NEW PLANTS INSTALLED
TOTAL CAPACITY

The emission factors provided by ISPRA in the Table of Standard Parameters were used to calculate greenhouse gas emissions. According to this calculation, emissions are expressed in tonnes of CO₂, excluding other greenhouse gases such as nitrous oxide and methane, which have a negligible impact on the total greenhouse gas emissions 19 (CO₂ equivalent). ISPRA's coefficients were used to calculate location-based emissions, while the emission factors to calculate market-based emissions were sourced from AIB.

	Unit of measurement	2022	2023
Total emissions (Scope 1 + Scope 2 location-based)	Tonnes of CO ₂	1.072	996
Total emissions (Scope 1 + Scope 2 market-based)	Tonnes of CO ₂	1.038	970

WATER CONSUMPTION

Zucchetti Centro Sistemi S.p.A. only withdraws potable (drinking) water, as the company does not have any production facilities. The water is primarily used for office activities and does not produce industrial hazardous waste. In 2023, water withdrawal totalled 3.88 megalitres (ML), while water discharges were estimated to be equivalent to the withdrawal due to the lack of specific data on discharged water. In any case, all water is discharged into the public sewerage system and is then treated by local treatment plants according to the highest standards. No environmental spills of any kind occurred in 2023, and water consumption 20 was effectively zero since all withdrawn water was discharged into the public sewerage system. Water withdrawals occur in areas not subject to water stress for the Zucchetti Centro Sistemi S.p.A. site in Parma and the HRZ Milano S.r.l site, including Sigemi. However, all the other sites are located in water-stressed areas.

	Unit of measurement	Total		Of which water-stressed	
		2022	2023	2022	2023
Third-party water withdrawal	ML	3,86	3,88	3,47	3,31
Water discharge to surface water	ML	3,86	3,88	3,47	3,31
Water consumption	ML	0	0	0	0

Although water is primarily used for office and civil purposes, a significant amount of water is consumed, which mostly occurs in water-stressed areas. To address this, the company is developing a sustainability plan that will also include water resources. The plan will outline future actions aimed at reducing water consumption, promote water reuse and explore rainwater harvesting options.

Data on water consumption were collected from utility bills. Discharges were estimated based on the assumption that all withdrawn water was discharged, as there are no industrial processes that would cause evaporation or process losses. Estimates were also made for some branches where specific data were unavailable, as the water costs were included in condominium expenses. Water stress was assessed using the online "Acqueduct" tool developed by the World Resources Institute (WRI).

WASTE MANAGEMENT

Waste production and disposal are significant environmental impacts for Zucchetti Centro Sistemi S.p.A. The company produces both municipal and industrial waste. Office waste is disposed of as municipal waste, which means precise data on this type of waste is not available. For industrial waste, the Green Innovation and Robotics divisions, certified under ISO 14001, manage waste in designated rooms equipped with special containers. These containers are collected by certified waste management companies to ensure proper disposal.

In 2023, the main type of waste produced was mixed material packaging, which totalled 98 tonnes. This increase is attributed to a rise in production. Specifically, the number of robots produced grew from 36,000 to 50,000. Another important waste category is end-of-life equipment, which is sold to companies specialising in the recovery of these materials.

Type of waste	Non-hazardous		Hazardous		Total	
	2022	2023	2022	2023	2022	2023
Total waste	44	156	0	0,17	44	156
Plastic	33	0,08			33	0,08
End-of-life equipment	5	37			5	37
Motors and electronic boards	1				1	
Other batteries and storage systems	2	19			2	19
Mixed material packaging		98				98
Packaging containing hazardous substances				0,17		0,17
Production waste		0,04				0,04

The increase in this type of waste is linked to an increase in repairs and warranty returns, mainly due to the higher number of robots in circulation and some issues encountered with certain models.

Zucchetti Centro Sistemi S.p.A. regularly compiles the MUD (Single Environmental Declaration Model), which contains information on waste production, transportation and disposal. In addition to ensuring waste management in full compliance with environmental laws and regulations, the MUD also acts as a support tool for monitoring and improving the company's waste management practices.

Zucchetti Centro Sistemi S.p.A. is also equipped with a compactor inside the logistics hub. This tool allows for significantly reducing the volume of waste, saving space, lowering disposal costs and minimising environmental impact. In addition, the installation of water dispensers in some buildings has led to the elimination of over 50,000 plastic bottles annually.



PRODUCT LIFE CYCLE ASSESSMENT (LCA)

For a company the size of Zucchetti Centro Sistemi, a significant portion of its environmental impacts comes from the products it manufactures and markets. To scientifically and comprehensively assess its impacts, the company has adopted the Life Cycle Assessment (LCA) calculation method. This method assesses a product or service throughout its entire life cycle, from raw material extraction to disposal. Obtaining this certification allows ZCS to “create” a virtuous supply chain characterised by sustainability, quality, and excellence in both products and services. The LCA studies were conducted to understand the company’s impacts and to implement improvement plans aimed at ecodesign. Some LCA studies have already been certified according to the ISO14067 standard, and there are plans to achieve certification under the international standard EPD Italy in the future. The first studies were conducted on five product categories:

- **AZZURRO 3PH 100K-125KTL-V4 Inverter**
- **AZZURRO 1PH HYD 3000~6000 ZP1 Inverters and AZZURRO HV ZBT 5K Battery**
- **AZZURRO 3PH HYD5000~20000 ZSS Inverters and AZZURRO HV ZBT ES5, AZZURRO HV ZBT ES10, AZZURRO HV ZBT ES15 and AZZURRO HV ZBT ES20 Batteries**
- **7k Caro Series charging station**
- **22kW Corebox charging station**

The LCA reveals that climate impact, measured in terms of CO₂-equivalent emissions, is minimal.

This is particularly notable when compared to the emissions these products help avoid by actively contributing to the transition to renewable energy. Instead, the most significant impact is water pollution, mainly due to electrical and electronic components. In fact, the impact caused by electronic components stems mainly from the use of metals and electricity by suppliers, many of which are located in Asia and rely on highly polluting energy sources.

Improvement plan

To reduce its environmental impact, Zucchetti Centro Sistemi is committed to working closely with its suppliers. In this sense, the main areas the company plans to focus on in the coming years are:

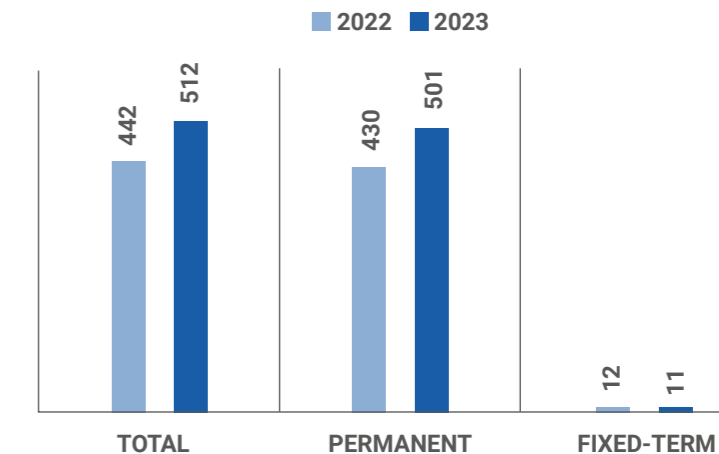
1. Improvement of LCA calculation models and inclusion of other products in the assessment.
2. Increase in recycled metals used in its products.
3. Management of products at the end of their life cycle, supported by the newly established repair centre, which will be further expanded in 2024.
4. Attainment of the Environmental Product Declaration (EPD) certification by EPD Italy for the range of ZCS Azzurro products.
5. Implementation of a LCA tool certified by EPD Italy to automatically calculate the environmental impact of products and obtain an EPD within a few days, even for new products.

SOCIAL RESPONSIBILITY

FOCUS ON HUMAN CAPITAL

The ZCS Group adopts a policy of equal rights and duties for all employees, strongly rejecting any form of discrimination. During the hiring process, the company undertakes to evaluate new candidates based on objective criteria, focusing on their skills and suitability for the job.

Zucchetti Centro Sistemi S.p.A. places great importance on its people, particularly employees and the younger generation. This is evident through the company’s strong collaboration with schools and universities to offer curricular internships. Additionally, three out of five divisions provide employees with the option of smart working. In 2023, the number of employees reached 512, and non-employees amounted to 4. The employment contracts offered by Zucchetti Centro Sistemi S.p.A. include permanent, fixed-term, full-time, and part-time contracts. The vast majority of employees hold full-time permanent positions, with only a small minority on part-time or fixed-term contracts. The increase in employees with permanent contracts highlights the company’s commitment to its workforce.



	Men		Women		Total	
	2022	2023	2022	2023	2022	2023
Total	313	358	129	154	442	512
Permanent	305	353	125	148	430	501
Fixed-term	8	5	4	6	12	11

	Men		Women		Total	
	2022	2023	2022	2023	2022	2023
Total	313	358	129	154	442	512
Full-time	309	354	106	123	415	477
Part-time	4	4	23	31	27	35

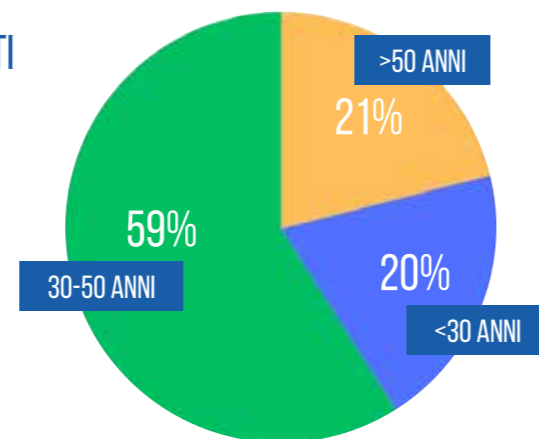
External workers		
	2022	2023
Total	4	4
Men	4	2
Women	0	2



Regarding employee diversity, over three-quarters of the workforce are under 50 years old, with 20% under 30. The majority of employees fall within the 30-50 age bracket, indicating an experienced yet young workforce. Currently, women make up 30% of total employees, which reflects the traditionally male-dominated technical fields. However, there has been a positive change, with the percentage of women in the company increasing by one percentage point in 2023, mainly due to new hires in clerical positions. In 2023, there was also a significant improvement in the number of employees from protected categories, with the figure rising by 4 to 20.

ZCS has recently embarked on a path to accelerate the recruitment of people from protected categories, collaborating with various associations and public institutions in the area. The impact of these initiatives is expected to be more evident in 2024. Employees are covered by the national collective bargaining contract for the metalworking industry.

DIPENDENTI



	<30		30-50		>50		Total	
	2022	2023	2022	2023	2022	2023	2022	2023
Total employees	122	103	233	301	87	108	442	512
Managers	0	0	1	2	5	5	6	7
Middle managers	0	0	4	0	5	3	9	3
White-collar workers	121	101	223	296	76	97	420	494
Blue-collar workers	1	2	5	3	1	3	7	8
Percentage of employees	27.0%	20.1%	53.7%	58.8%	20.7%	21.1%	100.0%	100.0%
Managers	0.0%	0.0%	0.2%	0.4%	1.1%	1.0%	1.4%	1.4%
Middle managers	0.0%	0.0%	0.9%	0.0%	1.1%	0.6%	2.0%	0.6%
White-collar workers	27.4%	19.7%	50.5%	57.8%	17.2%	18.9%	95.0%	96.5%
Blue-collar workers	0.2%	0.4%	1.1%	0.6%	0.2%	0.6%	1.6%	1.6%

	Men		Women		Total	
	2022	2023	2022	2023	2022	2023
Total	313	358	129	154	442	512
Managers	6	7	0	0	6	7
Middle managers	3	8	2	3	5	11
White-collar workers	293	341	127	153	420	494
Blue-collar workers	7	7	0	1	7	8
Percentage of employees	70.8%	69.9%	29.2%	30.1%	100.0%	100.0%
Managers	1.4%	1.4%	0.0%	0.0%	1.4%	1.4%
Middle managers	1.6%	0.6%	0.5%	0.0%	2.0%	0.6%
White-collar workers	66.3%	66.6%	28.7%	29.9%	95.0%	96.5%
Blue-collar workers	1.6%	1.4%	0.0%	0.2%	1.6%	1.6%

	2022	2023
Employees from protected categories	16	20
Percentage of employees from protected categories	3.62%	3,76%

	2022	2023	Percentage change
Ratio	15.2	31.4	105.1

Promoting equal opportunities and eliminating gender disparities involves not only hiring employees based on objective criteria but also ensuring fair wages. The table below illustrates the ratio of the remuneration of the highest-paid individual in the company compared to the median salary. As can be seen from the data, the ratio has increased significantly, primarily due to the company's strong financial performance over the year, which is reflected in a significant increase in the variable salary of some top executives. Due to this dynamic and the recent hiring of many entry-level employees, which has lowered the median salary, the compensation for the highest-paid individual in the organisation has increased at a significantly faster rate than the median salary.

Overall, the ratio of the highest-paid individual's salary to the median salary is 31.4, which is average compared to similar companies and much lower than companies with production sites located in other countries, where lower labour costs are often leveraged.

All employee data are calculated using the headcount method as at 31 December 2023.



HEALTH AND SAFETY

At Zucchetti Centro Sistemi S.p.A., the welfare and safety of workers are safeguarded through the implementation of a Risk Assessment Document. To ensure effective management of occupational health and safety risks, several Prevention and Protection Service Managers (RSPP) have been appointed, both internally and externally. All workers, both employees and non-employees, are covered by the health and safety management system. In 2023, 100% of employees were covered by the management system. 100% of non-employees were also covered by the health and safety management system. Personnel receive health and safety training both during onboarding and whenever there are changes or updates to waste regulations. Safety training is duly recorded and covers various aspects such as plant safety, use of personal protective equipment, first aid, firefighting and anti-accident protocols. The company also provides health care benefits to both fixed-term and full-time employees. Two accidental injuries were recorded in 2023. Despite this, the accident rate remained very low. The accident rate was multiplied by 200,000 as per the GRI Standard guidelines.

	2022	2023
Number of hours worked	735.539	855.862
Number of recordable work-related accidents	2	2
Rate of recordable work-related accidents	0,54	0,47

ZCS's safety measures extend beyond its employees to also include its customers. In fact, the company constantly monitors the impacts associated with its products. 100% of the health and safety impacts of all the company's products and services have been assessed. In conclusion, in 2022, there were no incidents of non-compliance related to the health and safety of customers, no substantial complaints regarding breaches of customer privacy or data loss, and no reported cases of occupational diseases.

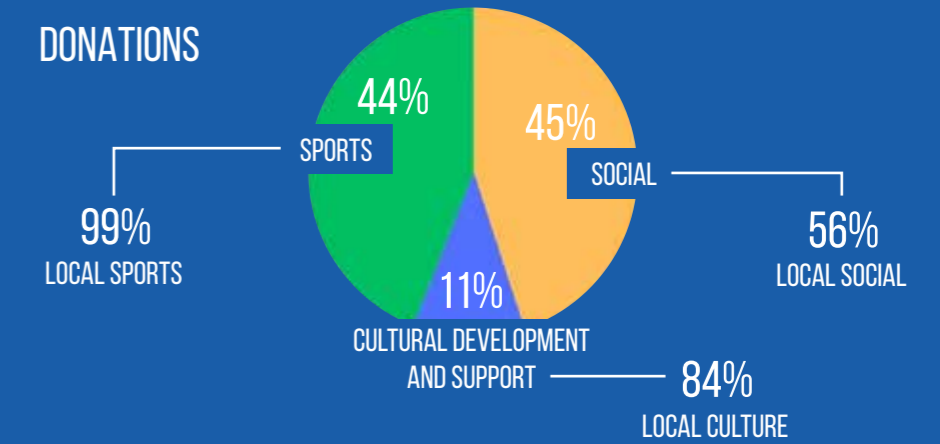


€ 213.242
TOTAL DONATIONS

LOCAL COMMUNITY

Zucchetti Centro Sistemi S.p.A. is deeply committed to supporting the community in which it operates, focusing on fostering its development and actively contributing to its progress. In particular, the company prioritises local support in the areas of health, culture, sports and social welfare. In 2023, the company made several sponsorships, including a significant donation to the Misericordia di Terranuova Bracciolini. This donation included a new special vehicle - an ambulance - to enhance the community's ability to respond quickly to medical emergencies, thereby improving the health and safety of the entire community of Valdarno. It should be noted that in 2023, the company's donations totalled € 213,242, reflecting a 32% increase from the € 161,310 donated in 2022.

DONATIONS



Special attention to **supporting young people**: health and sports activities, educational and training courses to support the growth of new local generations.



THE SUPPLY CHAIN

LOCAL SUPPLIERS

Zucchetti Centro Sistemi S.p.A. prioritises local suppliers in order to minimise its environmental impact, particularly by reducing emissions associated with long-distance transportation of goods. This approach not only supports the local economy by creating wealth within the area, but also bolsters local businesses. By choosing local suppliers, businesses and companies, Zucchetti Centro Sistemi contributes to strengthening the local community and the broader national business fabric.

There is significant diversity among the various divisions within Zucchetti Centro Sistemi S.p.A. Each operates autonomously and follows profoundly different business models. The Green Innovation and Robotics division make the highest volume of purchases. A substantial portion of these purchases comes from Asian countries, particularly for inverters, batteries and charging stations in the Green Innovation division, as well as electronic components used across all divisions. In 2023, 37% of the expenditure went to local suppliers, in which local means within the Italian territory.

Expenditure on local suppliers has been decreasing as purchases from Asian countries, particularly China, have increased since 2022.

	2022	2023
Proportion of expenditure on local suppliers	52%	37%

SUPPLIER ASSESSMENT

Zucchetti Centro Sistemi recognises that achieving sustainability requires collaboration, which is why it is dedicated to working with suppliers to improve their impacts. A key element of its sustainability strategy is the Supply Chain Compliance Programme, designed to ensure that all partners within the chain adhere to high environmental and social standards. Launched in 2023, the programme focuses on the main suppliers of materials, semi-finished and finished products. In its first year, a very detailed questionnaire was developed, requesting suppliers to declare key sustainability data and provide supporting documentation to verify their claims. The questionnaire, consisting of over 100 questions, focused on two main topics:

- **Environmental protection:** this assesses suppliers' compliance with environmental standards and measures their main environmental impacts in terms of energy consumption, emissions, water consumption and waste management.
- **Social performance:** analysis of compliance with social standards and human rights, with a special focus on the risk of labour exploitation within the supply chain.

The risk matrix assessment process was conducted through a systematic evaluation of the responses collected from the questionnaire. A weighted scoring system, ranging from 0.5 to 5, was used to quantify the importance of each response. After assigning weights to the responses, a score was calculated for each answer to provide a numerical representation of the supplier's performance in that specific area. Subsequently, scores for individual responses were aggregated within each category to obtain a final score indicating the risk level, summarised with a numerical score from 0 to 10. Below is an outline of the three possible categories:

- **High risk (0-4):** indicates significant deficiencies or nonconformities, requiring in-depth attention or corrective actions;
- **Medium risk (5-6):** indicates a medium level of risk with potential for improvement. Continuous monitoring and possible intervention are recommended;
- **Low risk (6-7):** indicates a low-risk profile with satisfactory performance and minimal need for immediate attention.

Supplier assessment categories:

Energy consumption	Child labour
Climate change	Health and safety
Water consumption	Freedom of association
Waste management	Forced labour
Biodiversity	Ethical recruitment
Materials	Discrimination
Salaries and benefits	Complaint mechanism
Working hours	

The analysis revealed that environmental impacts are the main risks within Zucchetti Centro Sistemi's supply chain. These risks derive from two main factors: the location of some strategic suppliers in Asia and the smaller size of European suppliers, which may result in not having adequate resources to manage environmental issues effectively.

In response to the challenges identified, Zucchetti Centro Sistemi is committed to implementing a series of targeted actions to enhance sustainability within the supply chain. The following future improvement actions have been identified to mitigate and promote positive change in supplier behaviour.

DEVELOPMENT OF CUSTOMISED IMPROVEMENT PLANS

The goal is to develop customised improvement plans for each supplier based on the results of the analysis, highlighting their individual strengths and weaknesses. These plans will address the areas and risks identified, focusing on implementing sustainable practices.

EXTENSION OF THE QUESTIONNAIRE

The aim is to extend the questionnaire to include a broader range of suppliers, enhancing the assessment of environmental and social risks within the supply chain. Where feasible, assessments of second-tier suppliers will also be incorporated.

METHODOLOGICAL NOTE

This document is the first edition of the Zucchetti Centro Sistemi S.p.A. Sustainability Report and details performance in environmental, social and economic sustainability for the 2023 financial year (1st January to 31st December). To facilitate data comparability over time, a comparison with 2022 data will also be included.

Starting this year, the Sustainability Report will be published on an annual basis. This Sustainability Report has been prepared in accordance with the “GRI Sustainability Reporting Standards.”

30 issued by the Global Reporting Initiative (GRI), as indicated in the “GRI Content Index” table. This table provides evidence of the coverage of GRI indicators for each sustainability topic reported in this document.

The economic, social and environmental data and information include all the companies controlled by the Group:

HRZ Milano S.r.l., which in turn controls Sigemi S.r.l., Alpha Sistemi S.r.l., HR Sud S.r.l. and Explora Consulting S.r.l. In 2023, HR Factory S.r.l. was merged by incorporation into Zucchetti Centro Sistemi S.p.A. Estimates used to generate reported figures are indicated in the text.

Any restatements of figures for previous years are clearly indicated as such. This Sustainability Report was reviewed and approved by the CEO and the project team responsible for its preparation. The report has not been audited by an external auditing company.

For information on this document, please write to:

amministrazione@zcscompany.com

GRI CONTENT INDEX

Statement of use: Zucchetti Centro Sistemi S.p.A. has submitted a report in compliance with GRI Standards for the period 1 January – 31 December 2023. GRI 1 Used: GRI 1 – Fundamental Principles– version 2021. Applicable GRI sector standards N/A

GRI Standards	Disclosure	References	Omission		
			Requirements omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organisational details	10-13			
	2-2 Entities included in the organisation's sustainability reporting	10-13			
	2-3 Reporting period, frequency and contact point	30			
	2-4 Restatements of information	30			
	2-5 External assurance	This report is not subject to external assurance			
	2-6 Activities, value chain and other business relationships	6-7			
	2-7 Employees	23-25			
	2-8 Workers who are not employees	23			
	2-9 Governance structure and composition	10-13			
	2-10 Nomination and selection of the highest governance body	10-13			
	2-11 Chair of the highest governance body	10-13			
	2-12 Role of the highest governance body in overseeing the management of impacts	10-13			
	2-13 Delegation of responsibility for managing impacts	10-13			
	2-14 Role of the highest governance body in sustainability reporting	10-13			
	2-15 Conflicts of interest	10-13			
	2-16 Communication of critical concerns	10-13			
	2-17 Collective knowledge of the highest governance body	10-13			
	2-18 Evaluation of the performance of the highest governance body	10-13			
	2-19 Remuneration policies	10-13			
	2-20 Process to determine remuneration	10-13			
2-21 Annual total compensation ratio	25				

GRI Standards	Disclosure	References	Omission		
			Requirements omitted	Reason	Explanation
	2-22 Statement on sustainable development strategy	4			
	2-23 Policy commitments	16			
	2-24 Embedding policy commitments	16-19			
	2-25 Processes to remediate negative impacts	28-29			
	2-26 Mechanisms for seeking advice and raising concerns	10-13			
	2-27 Compliance with laws and regulations	13			
	2-28 Membership associations	13			
	2-29 Approach to stakeholder engagement	14-15			
	2-30 Collective bargaining contracts	24			

Material topics GRI Standards	Disclosure	References	Omission		
			Requirements omitted	Reason	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	14-15			
	3-2 List of material topics	15			
EMPLOYEE WELL-BEING					
GRI 3: Material Topics 2021	3-3 Management of material topics	23-25			
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	23-25			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	26			
	403-2 Hazard identification, risk assessment and incident investigation	26			
	403-3 Occupational health services	26			
	403-4 Worker participation, consultation, and communication on occupational health and safety	26			

Material topics GRI Standards	Disclosure	References	Omission		
			Requirements omitted	Reason	Explanation
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	26			
	403-6 Promotion of worker health	26			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	26			
	403-8 Workers covered by an occupational health and safety management system	26			
	403-9 Work-related injuries	26			
	403-10 Work-related ill health	26			
GRI 405: Diversity and equal opportunity 2016 and between employees	405-1 Diversity of governance bodies	24-25			
CLIMATE CHANGE					
GRI 3: Material Topics 2021	3-3 Management of material topics	16-20			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	16-17			
	302-3 Energy intensity	16-17			
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	20			
	303-2 Management of water discharge-related impacts	20			
	303-3 Water withdrawal	20			
	303-4 Water Discharge	20			
	303-5 Water consumption	20			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	18-19			
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	18-19			
LOCAL COMMUNITIES					
GRI 3: Material Topics 2021	3-3 Management of material topics	27			
GRI 413: Local Communities 2016 with local community, impact assessments and development programs	413-1 Operations with engagement	27			
RECYCLING, WASTE AND SCRAP					
GRI 3: Material Topics 2021	3-3 Management of material topics	21			
GRI 306: Waste 2020 and effluents	306-1 Waste generation and significant waste-related impacts	21			
	306-2 Management of significant impacts	21			
	306-3 Waste generated	21			

Material topics				Omission	
GRI Standards	Disclosure	References	Requirements omitted	Reason	Explanation
PROCUREMENT PRACTICES					
GRI 3: Material Topics 2021	3-3 Management of material topics	28-29			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	28			
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	29			
BUSINESS ETHICS					
GRI 3: Material Topics 2021	3-3 Management of material topics	10-13			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	10-13			
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	10-13			
RESPONSIBLE USE OF TECHNOLOGIES					
GRI 3: Material Topics 2021	3-3 Management of material topics	10-13			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	10-13			



ZUCCHETTI
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SUSTAINABILITY
REPORT 2023



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