



CORPORATE SOCIAL RESPONSIBILITY REPORT 2019



Empowering auto brands to lead

Automotive trim that takes style and function to the next level



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1. ABOUT THIS REPORT

REPORTING PERIOD

Natural year 2019 (1st January 2019 to 31st December 2019).

DATE OF PUBLICATION

September 2020

DOCUMENT FORMAT

PDF and printed version

REPORT SCOPE AND BOUNDARY

This report covers all ZANINI owned manufacturing facilities and offices. All data included in the report is global data unless otherwise specified.

Since the factory in Turkey are operated externally, their operations are not included in the report data.

REFERENCE GUIDELINES

Further information regarding this report can be obtained by contacting ZANINI Corporate Quality & Environment Department. Contact us at www.zanini.com.

2. LETTER FROM THE CHAIRMAN



For more than 50 years, ZANINI has developed its activity in a constant attempt to be a reference within its activity segment, based in its innovation capacity, in a constant effort to be proactive and respectful in business, environmental and social issues.

ZANINI contributes to safety and the environment with new products such as radomes and aero wheel covers.

We are ready to face the changes taking place in the Automotive Sector. Connectivity, Self-driving vehicle, Electrification and Digitalization are concepts that we have fully integrated in ZANINI.

Our company is a small global company, we believe in our responsibility to improve the communities we live in, and where we develop our work.

We consider that the necessary technological evolution and competitiveness, must advance together with social and environmental improvement, based on the three basic principles of our sustainability strategy: Environment, Social Responsibility and Economic outcome.

Our Social Responsibility, is a real commitment with our employees, our customers, our suppliers, our communities and our shareholders, to act ethically, responsibly and transparently, in all our operations.

Aware that our actions to satisfy society's current needs, do have present and future impacts, we strive to take into account the needs of present and future generations.

There is much to do in today's social and environmental challenges, which can only be solved with the true belief that we, and future generations, can live in a sustainable world. In ZANINI, we are committed to work for a fairer and a better world.










Joan Miquel Torras
Chairman of ZANINI



3. ZANINI

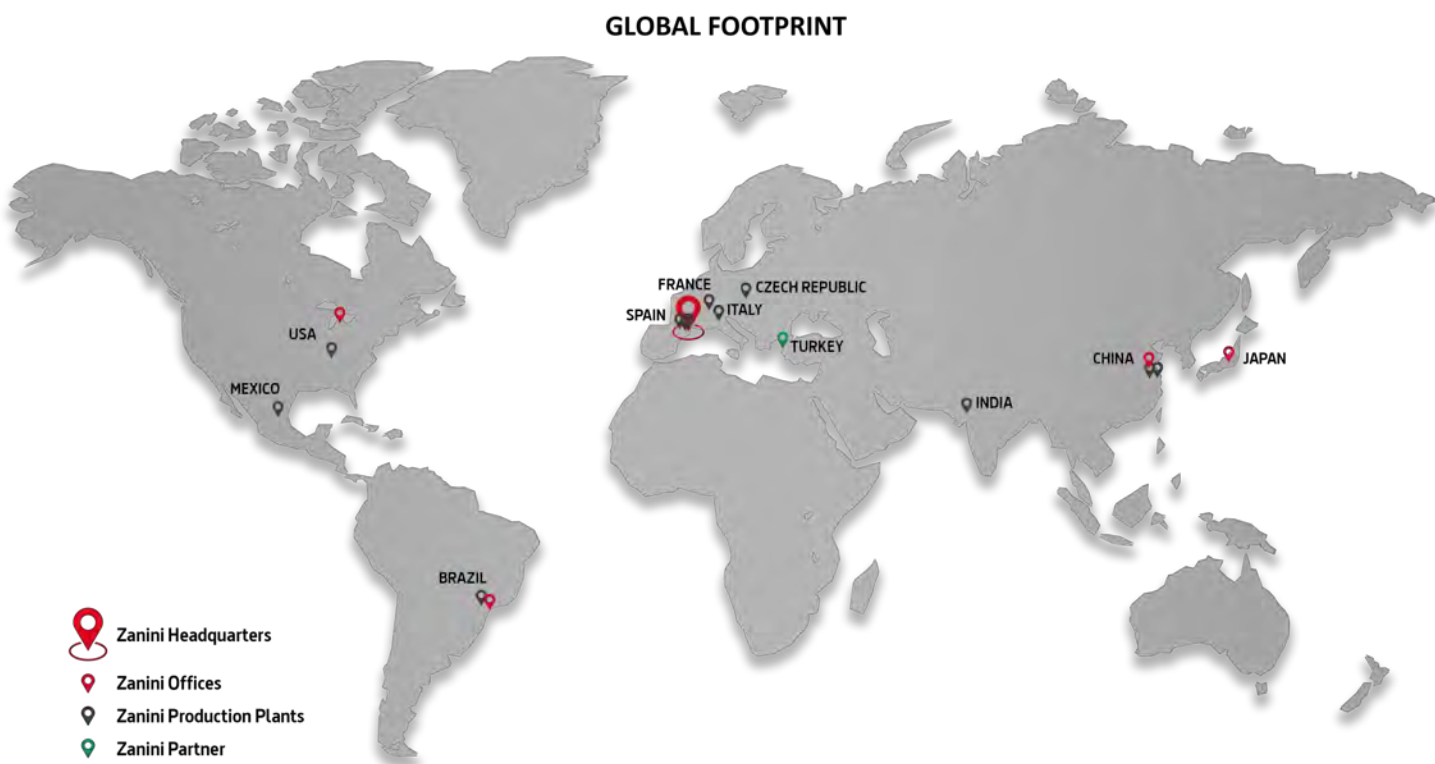
ZANINI is a family-owned +50-year success story, with the best yet to come.

Originally specializing in wheel covers for the automotive industry, ZANINI has grown to 1,400 employees supplying 79 million Wheel Trim units a year to almost every automaker in the world. That’s 1 in 5 of every wheel produced on the planet.

 11 Factories.	 10 Countries.	 3 Continents.
 Steady Organic Growth	 + 1400 employees	 + 50 yr expertise
 Nº 1 global position wheel trim.	 + 79m decorated wheels p/yr	 + 60 Brands.

Yet, that's only part of the story. ZANINI's dedication to innovation has also set the industry standard for plastic interior and exterior functional trim. ZANINI is one of the few suppliers who can combine global reach and full service supply with production plants on three continents – in Spain, France, Italy, Czech Republic, USA, Mexico, Brazil, China and India. By being global with our operational excellence, we can better help customers create world leading brands.

ZANINI's Headquarters are located in Parets del Vallès (Barcelona – Spain), and the company has offices in 5 different countries and 11 production plants.



To ensure the continuing success of its customers, ZANINI is today taking the lead in new areas that are becoming increasingly important for leading auto brands – safety, autonomous driving and sensorization. ZANINI is using its expertise and innovation capacity, to develop new products such as radomes and decorative light and sensor integration to name a few.

We do all this because in our world success has only one meaning – the success of our customers.

ZANINI. Empowering auto brands to lead.

Our strategic priorities





ZANINI'S CORPORATE STRATEGY

VISION: Expand our leadership in wheel trims, as well as in decorative and functional automotive trims. We will do this by building an organization based on innovation, a global approach, a shared culture, team work and financial strength. We aim at empowering auto brands to lead.

Not only do we produce wheel, body and interior trim for virtually all of the world's leading car manufacturers, we're constantly finding new ways to add real value to our customer's brands. Our plastic molding, decoration and metallization finishes continue to set the standard for the automotive industry, today and tomorrow.

Constantly innovation, we are a +50 year old family-owned company with our best years ahead of us.

Zanini's culture is based on the following values:

- Excellence
- Accountability
- Team work
- Leadership

The new strategy plan 2016-2020 "Empowering Auto Brands to Lead" is even more ambitious than the former one. Maintaining our strategic axes: Innovation, Globalization, and Operative Excellence, we expect to expand our leadership in Wheel Trims and extend it to Radome and functional PVD.



Our ambition is to become a strategic supplier for those car manufacturers (OEMs) who are searching for advanced solutions combining style and function, being an essential part to strengthen their own brands “Automotive trim that takes style and function to the next level”.

We are a company proud of having gained the trust of our customers for superior challenges, of counting on the talent which makes us leaders, of being a part of a team who has enthusiasm in what we do, of our ever greater diversity, and of the prestige and recognition we have reached in the automotive sector.

INNOVATION	Building innovation into a distinctive competitive advantage (innovative products, promoting and managing innovation in processes, projects and in all areas of the Company).
GLOBALIZATION	Maximizing the potential of current markets, extending our international footprint (expanding in emerging markets, and implementing collaborative models throughout ZANINI and its partners).
OPERATIONAL EXCELLENCE	Improving profitability and client vision into project management, optimizing production costs, maximizing the efficiency of our industrialization processes, sharing best operational practices across ZANINI and providing practical and effective solutions and products to address environmental challenges for ourselves and our customers.
FINANCE	Ensuring a profitable and sustainable growth
CLIENTS	Becoming the preferred supplier of our clients
PROCESSES	Targeting our efforts on Commercial Proactivity, International Expansion, Operational Excellence and Innovation Processes.
RESOURCES	Having people, culture and systems supporting the achievement of the different objectives.



RECOGNITION AND AWARDS



- ZANINI Auto Grup:
- ✓ CIAC 2019 Award: “Best Automotive company of the year”
 - ✓ Creativity Award, 2016 Engineering Day
 - ✓ Innovation Category Prize, EY (Spain) Entrepreneur of the Year 2016
 - ✓ Creativity Award of the Industrial Engineers of Catalonia Association (EIC) for the project “Technology integration in aesthetic parts” 2016.



- ZANINI Parets:
- ✓ Best Plant Award PSA 2017
 - ✓ Volvo VQE Award 2017



- ZANINI Épila:
- ✓ PSA Suppliers Award 2017
 - ✓ JLRQ May 2016 (Jaguar Land Rover)



- ZANINI Italia:
- ✓ Non-profit investments: 3.000€ to Paruzzaro City Hall for the renewal of the disabled bus 2016



- ZANINI Brasil:
- ✓ GM Operational Excellence Certificate 2018
 - ✓ Social programs (using prisoners as labor in plant during daytime 2016)



- ZANINI México:
- ✓ GM 2019 Supplier Quality Excellence Award
 - ✓ Honda 2019 Award
 - ✓ GM Quality Excellence Award 2018
 - ✓ Honda Value Award 2017
 - ✓ VW Zero defects Award 2017
 - ✓ Money raise for the affected by Mexico City earthquake 2017
 - ✓ Toyota Certificate of Achievement for Quality 2016



- ZANINI Tennessee:
- ✓ GM 2019 Supplier Quality Excellence Award
 - ✓ GM Quality Excellence Award 2018
 - ✓ Toyota Certificate of Achievement for Quality 2018
 - ✓ Honda Challenging Spirit Award 2016



- ZANINI (Changzhou) Autoparts:
- ✓ SAIC Technical Contribution award 2018



Our Products

We can classify ZANINI's products in the following families:



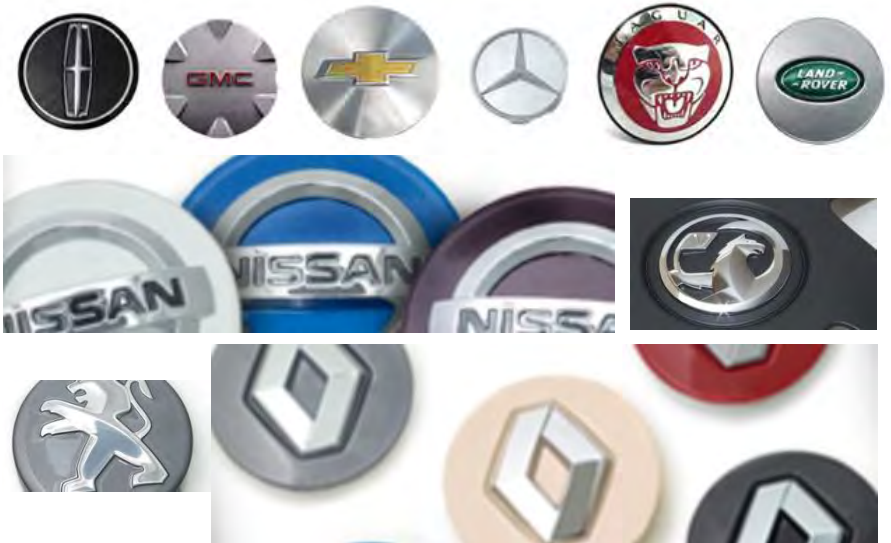


Wheel trim

Wheel Covers



Center & Button Caps



Wheel Inserts



Aero Wheel Covers





Body & Interior Trim

Hoodstrips



Door Handles



Radiator Grills



Steering Column Protection



Pedestrian Airbag Cover



Front Low Bumper



Fuel Flaps





Branded Emblems



Electromagnetic Transparency Trim

Night & Day Effect

Capacitive Sensors



Radomes



Our Production Capabilities



Key Processes

Injection



Coating



Metallization



Technologies

Decorative Finishings

- ZANICHROME (PVD Sputtering)
- Electro chrome plating
- Metallic look painting (2-3 coats)
- Aluminum overlays
- Silk screen
- Pad printing
- Multi-color trim
- Body color painting (3 coats)
- Soft touch painting
- Coating on metal surfaces
- Hot stamping

Moulding

- Plastic injection
- Plastic injection with heat and cool
- Gas injection
- Bi-injection
- IMD (in-molding decoration)

Assembly Operations

- Gluing
- Snap joint
- Crimping
- Ultrasonic welding
- Mirror welding
- Heat welding
- Laser welding



Zanichrome®

Zanichrome® is a new technology developed by ZANINI.

It relies on the optimal combination of PVD sputtering and the application of UV curable coatings capable of producing metallic finishes perfectly suitable to substitute electroplated chromium in most applications.

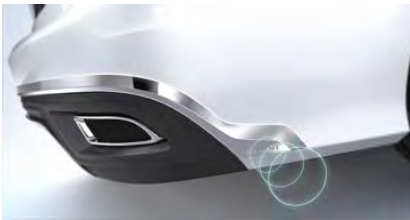
It represents a breakthrough as it provides a 100% corrosion free and environmentally friendly decoration for automotive plastic parts for both exterior and interior applications.

Other key benefits include; a great world of possibilities for metallic colors and textures, its ability to maintain the original mechanical properties of the substrate material, and the light and electromagnetic transparency allowing metal back illumination and radar transparency applications.

Key advantages:

- Up to 30% lighter than typical chrome plated trim.
- As easy to recycle as metallic paint.
- Corrosion proof (Including Russian Mud).
- Different metallic looks without loss of performance.
- Keeps the mechanical substrate properties (flexible, fracture type, etc):
ZANICHROME® allows an increase in a vehicle's passive safety due to the possibility of using flexible materials with metallic finish without altering their properties.
- Sustainability: Environmental impact minimization and carbon footprint reduction associated with ZANICHROME® come from: manufacturing process, car weight reduction & recycling.

Keeps the mechanical substrate properties like flexible and fracture type.





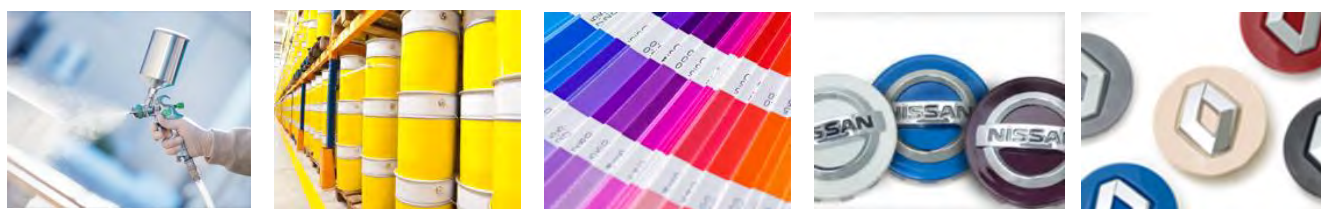
Testing Laboratory

ZANINI's Central Lab is homologated and certified by the OEM's (PSA-ASSUREX, Renault-Self Agreement, FORD, etc...).

ZANINI has the resources to carry out validation tests for:

- Wheel-covers, Wheel Inserts & Hubcaps.
- Chrome and PVD parts (interior & exterior).
- Exterior Body Color Painted Parts.
- Interior Painted Parts.
- Body side Mouldings.
- Regionals Lab Capabilities
- Material (Fusion Point, Mold Flow index...).

ZANINI has the capability to perform all tests for the parts approval processes in accordance with the production control plan.



Coatings Production

ZANINI produces its own paint in-house (Zanidur), together with the OEM's design experts, which allows for improved flexibility and faster response time as it relates to color adjustments. This is a key benefit resulting from vertical integration of injection molding, paint application, and paint production.

Zanidur paints are developed to comply with the specifications of automotive customers, for both exterior and interior applications.

ZANINI has in-house laboratory capacity for performing a complete testing of paint finishes and we have put in place continuous improvement initiatives for the chemical formulation of our paints.

In addition, Zanini has developed high solids formulations that reduce the emission of volatile components, easing the environmental impact of using Zanidur paints.



Overlay products unit

ZANINI produces part of its own overlays in-House, which allows for a stable and reliable production. This is a key benefit resulting from vertical integration.

Overlays are a key component for the wheel trim. ZANINI has an in-House capacity to do its own product developments with an improved flexibility and faster response time.

In addition, ZANINI has developed the capacity to perform complete laboratory test to validate the developments according to OEMs' specifications and put in-place continuous improvement initiatives.

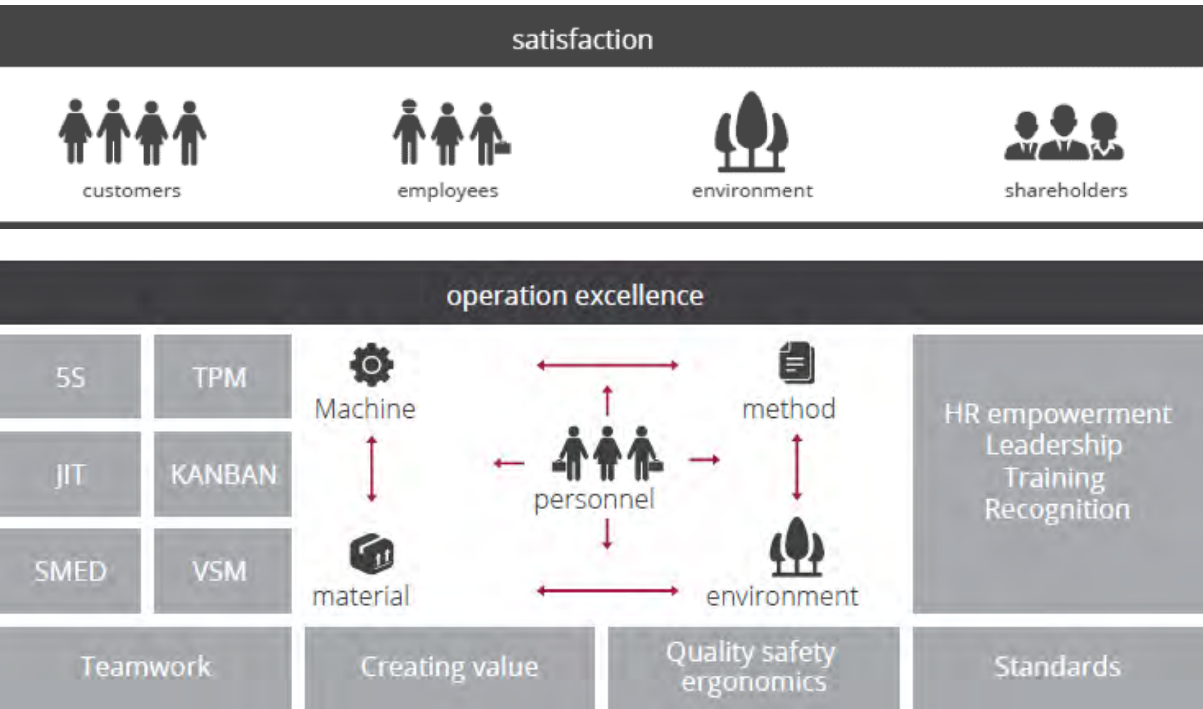




ZANINI Production System – Operational Excellence

ZANINI works under operational excellence based on the ZPS (Zanini Production System), which benefits customers, employees, shareholders and the environment:

CUSTOMERS	Offering competitive products, adjusted in Quality, Cost and Service.
EMPLOYEES	Winning competition will give the company continuity in the future, good labor conditions, good work, environment and the opportunity to be trained and develop a professional career in the company.
ENVIRONMENT	ZANINI's involvement in society and its relationship with the environment.
SHAREHOLDERS	Offering higher profitability, improving productivity and developing continuous improvement processes.





Risks due to COVID-19 consequences

ZANINI has evaluated the facts and consequences given due to COVID-19, and considers that although estimating a sales reduction of 17% in 2020, the group’s solvency will not be threatened in any case.



4. ZANINI'S CULTURE

ZANINI is a family owned business. Our family values of Honesty, Integrity and Transparency guide our actions in ZANINI.

We are proud of being recognized as an ethical and lawful company and for our commitment with sustainable development through environmental protection, social responsibility and economic success.

We are committed to:

- Conducting our business in an ethical way
- Satisfying our customers with the best quality and service
- Developing our employee's talent and initiative
- Respecting the environment
- Protecting human rights
- Respecting and supporting our partners and suppliers
- Offering profitability for our ownership

OUR CORPORATE VALUES Our culture is based on our corporate values of:



Excellence



Accountability



Team work



Leadership

The rationale behind our Corporate Values is that in each and every position achieving results is a must, a necessary condition for every individual contributor. But is not a sufficient condition, not at the expense of the rest of Values. An excellent performance, but not achieved at the expense of Accountability, Team Work, and Leadership, as these are equally relevant to us.

Our values are embedded in our ZANINI Strategic Plan, which shows the relevance the Company gives to have a common culture of responsible performance.



4.1. CORPORATE GOVERNANCE



Board of Directors

Four owners of the company, only two of them with executive responsibilities, and two external board members, to ensure objectivity and professionalism.



Group Executive Committee

CEO, Regional Managing Directors and the Group Functional Area Directors.

We believe that what the company represents is as important as our product, which is why we operate with absolute honesty and integrity, and our CEO sets example of our ethical behavior.

Executives and managers are responsible of creating and promoting, by a solid and positive leadership and the establishment of a good example, a working environment in which commitment and ethical business behavior is encouraged.

With the creation and implementation of policies and evaluations, ZANINI guarantees that the accomplishing of an ethical business behavior is maintained in all the organization.

Our CEO is the main responsible of efficiently leading a significant change, operative improvement, growth encouraging, managing day to day business, managing different risks, and fulfilling employees' expectations, to continue building ZANINI's tradition of absolute honesty and integrity.

The Group Executive Committee, approves the sustainability principles, strategy and objectives and any other major associated change.

On the international level, the ZANINI companies' directors are responsible for evaluating and determining the key management problems in their respective countries.



4.2. ETHIC CODE OF CONDUCT AND CORPORATE VALUES

Most of our Working Centers have some kind of Code of Business Conduct, Employee's Handbook, or other specific local documents, through which responsible practices are fostered. In 2016 we drafted our Group Ethic Code of Conduct that has been thoroughly deployed since 2017 in our working centers.

This Ethic Code of Conduct has been designed to foster a responsible and ethical work environment in our company, throughout all ZANINI workplaces worldwide.

It must serve to guide all our employees to behave in a way that is aligned with our Company values and with ZANINI's commitment to compliance with laws.

ZANINI is a compliant and responsible company, and expects its employees to strictly respect the law and to conduct their tasks in a responsibly way.

We encourage our employees to lawfully, truthfully and with good faith, bring up any concerns or report any non-compliant conducts. We are committed to internally investigate any cases, and fairly give solutions.

Employees may direct their concerns to their superior, or share their concerns in any of the mailbox located for that aim in all our workplaces. They can also use the whistleblower channel, in which confidentiality is guaranteed, as well as any reprisals to whistleblowers are totally forbidden.

THE GUIDING LINES OF OUR ETHIC CODE OF CONDUCT ARE:

- Equal opportunities
- Professional and secure work environment
- Health & safety
- Environment protection
- Compliance with laws and internal regulations
- Fair and honest competition

4.3. HUMAN RIGHTS

Child Labor

ZANINI is compliant with all applicable laws relating to hiring minors, embedding this commitment through global hiring guidelines and ensuring it through local hiring practices as well as global tracking (Group Data Bases).

A minimum hiring age of 16 is applied throughout all our subsidiaries.

Forced and Compulsory Labor

ZANINI is compliant with all applicable laws regarding this aspect, does not engage neither participates in forced labor.

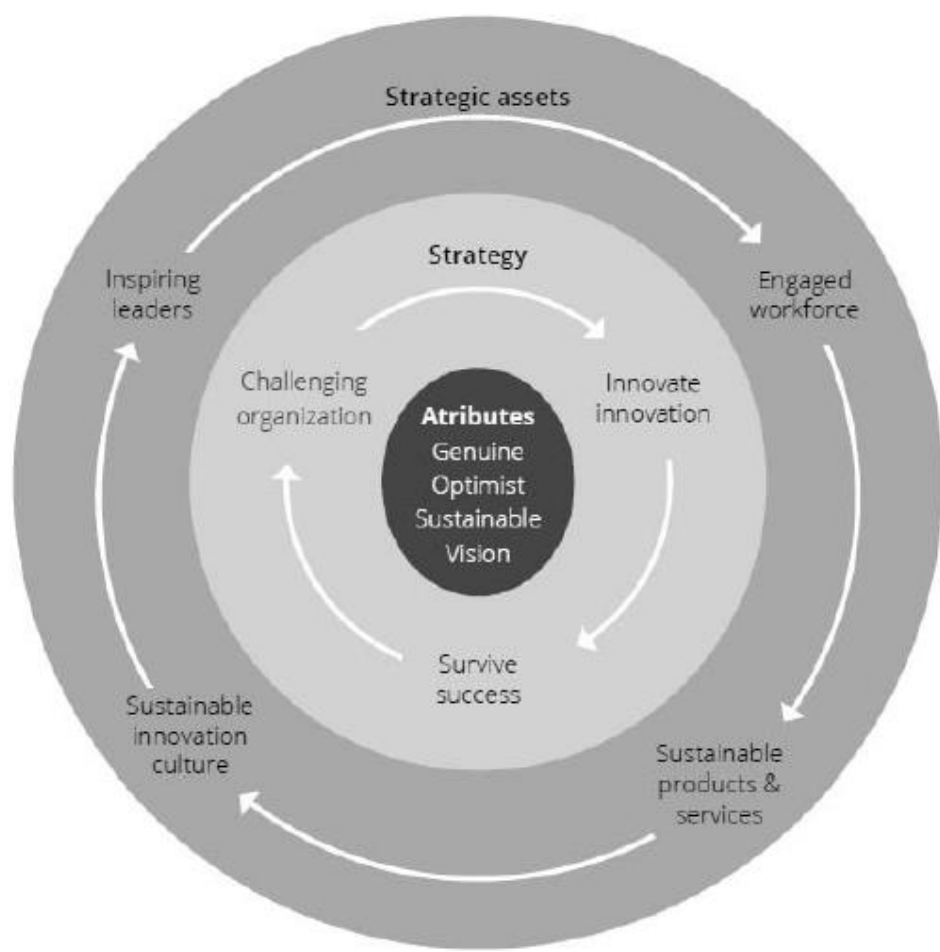
We ensure our supply chain is also compliant, requesting all our suppliers a commitment with Human Rights, in a questionnaire, prior to sign any contract with us.

In those geographical areas, where child exploitation or forced labor might be a risk, we conduct regular monitoring visits to our suppliers' premises.



5. SUSTAINABILITY STRATEGY

We believe in virtuous cycles, based on a genuine sustainable vision, with a strategy of innovation, success and challenge, engaging our workforce, producing sustainable products and services, through a sustainable innovation culture, with inspiring leaders.



Source: Carroll (1991)



ZANINI's commitment is to actively contribute to sustainable development through our triple bottom-line commitment: environmental protection social responsibility and economic success.



KEY SUSTAINABLE DEVELOPMENT OBJECTIVES

Year by year, ZANINI moves towards sustainability and strives to improve on corporate environmental, social and economic management. We annually re-evaluate key sustainability objectives for the company.

Our objectives regarding sustainable development include:

- Manage and reduce our environmental impact
- Develop solutions that address environmental and social challenges for our customers and society.
- Guarantee our product's safety throughout their life cycle.
- Assure the appropriate management of any health and safety issues that may impact customers, neighbours and the public.
- Maintain a healthy and safe workplace
- Satisfy our customers with superior quality and value
- Provide a supportive, engaging, and flexible work environment
- Conduct our business with honesty and integrity



6. CUSTOMERS, PRODUCTS AND SERVICES

OUR CLIENTS

At ZANINI, we work with almost all of the world's leading car manufacturers delivering breakthrough technologies and high added value plastic finishes.





6.1 INNOVATION

The automotive industry is one of the most innovative industries in the world and was recently described as making the transition from being mechanically based to being software based. Technology is most certainly playing a key role in developing next generation automobiles that will be more fuel efficient and safer.

Therefore, we believe in Innovation and CSR alignment, not driven by risk management, compliance, or the need to gain legitimacy to operate, but rather by a deep understanding that sustainability and innovation are two sides of the same coin, and that one cannot exist without the other.

ZANINI has a long tradition of commitment with the innovation.

In 2002 we were awarded by the Catalan Government, with the Innovation Management Award, for our efforts in implementing an innovation process in the company, and its market orientation. Since then, we have been improving our internal innovation processes, as well as launching new products and concepts to the market.



Our Innovation Department

Our Innovation Department, within our Research and Development area, takes care of the development of the innovation programs.

In the last 5 years, because of the commitment of ZANINI with the innovation and the new strategical lines launches, the Research and Development area has grown from 9 up to 36 people including electronics engineers, Physics, telecommunication engineers and Ph.D's.

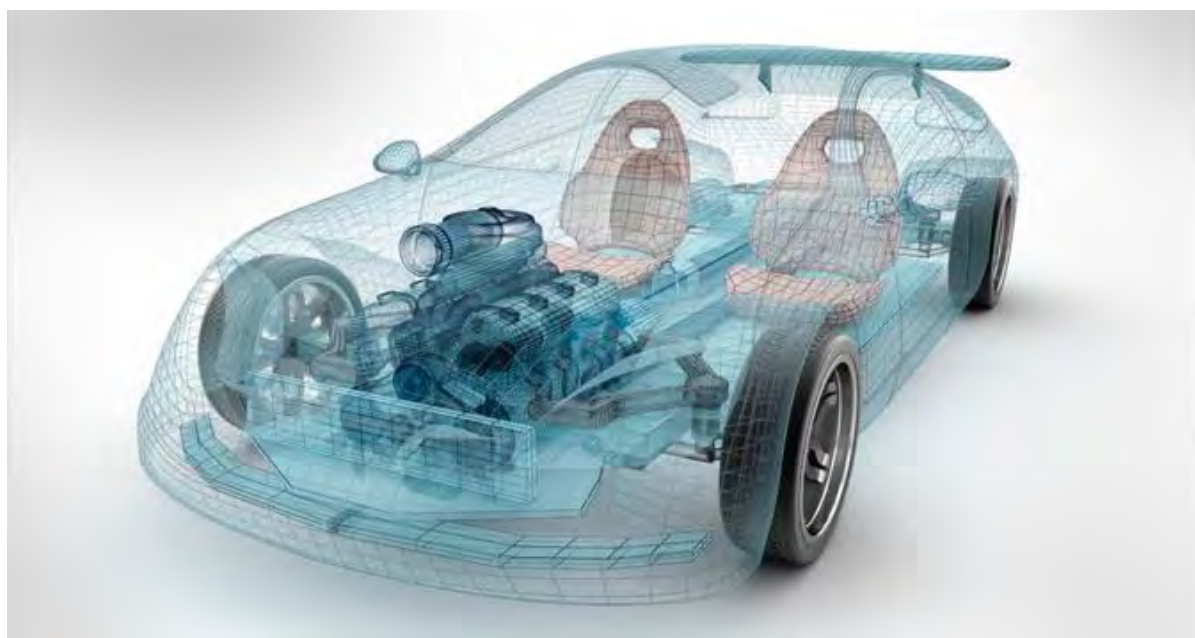
Our Innovation Committee

Our Innovation Committee is composed by representatives of our more relevant areas of activity, to impregnate all the innovation activity in a holistic approach, for all areas which are affected by each innovation process.

As a part of its tasks, our Innovation department catches the trends by attending conferences, workshops and exhibitions. These trends are analyzed through the Innovation Committee.

In collaboration with Marketing, Innovation organizes Technological Days in our customer sites to show our new innovations, catch new necessities and contact the key people of design and styling as well as change the perspective of the customer.

Our innovation is intimately related with our corporate strategy and covers a global scope. Based on our Corporate Strategy, the Innovation Committee identifies challenges, plans, brainstorms ideas, prioritizes them, and creates our creativity teams to provide solutions.



Our Creativity Teams

Based on the challenges the Innovation Committee identifies, Creativity Teams are created, on a global and multi-geographical-area basis, with a multisite and multicultural composition, to provide solutions to those challenges.

In 2016, ZANINI was awarded with the Creativity Award of the Industrial Engineers of Catalonia Association (EIC) for the project "technology integration in aesthetic parts".



Sustainability approach in our innovation

Our innovation processes always focus, from the beginning, on environmental objectives.

We strive to innovate with green materials, and bio materials, new metallization based on PVD sputtering, a completely new and environmentally friendly technology for decorating plastic with metallic surfaces that facilitates and simplifies its recycling.

Some of our innovation new programs are oriented to improve vehicles' safety, to new products following current trends, and to the strategic objective of the European Commission expressed in its program Horizon 2020.



As an example, we have implemented our line of transparent radar elements which allow optimizing the operation of the new ADAS (advanced driver assistance systems) such as the radar to detect pedestrians or other vehicles that could cause accidents if not detected properly by the exiting multiple radar sensors in most vehicles nowadays.

In the wheel environment, we are developing our own plastic inserts design to get lower emissions by increasing wheel aerodynamics and weight reduction with easy frontal assembly and great appearance.

Most of our Innovation programs are conducted together with specialized external organizations like Universities, Research Centers or Innovation specialists in particular areas, offering us a leading edge in open innovation, which would not be achieved using only internal resources.



6.2 SAFETY AND QUALITY

Our ZANINI Production System (ZPS) program can develop continuous improvement processes, based on a culture of teamwork and supported by lean tools, in order to create value, standardization of production systems and the elimination of wasteful losses.

Quality is not limited to our product’s quality. We consider there are many opportunities to drive customer focused quality improvement along our entire chain of activities. Therefore, we strive to offer quality, from the purchase of raw materials through manufacturing, packaging, marketing, inventory control, distribution, service and support, invoicing, collection and any warranty claims.

ZANINI Corporate Quality Management and Quality Network team sets strategy, identifies common opportunities for improvement, and directs global synergies across all business units.

Several tools are used to manage variation in all our business processes to ensure that ZANINI understands, meets, and exceeds customer expectations. The Quality Council includes all quality leaders from divisions, facilities, and countries where ZANINI has operations and is responsible for ensuring the deployment of best practices and the implementation of the Quality Management System company-wide.

An effective Quality Management System assures the company has processes in place to produce products and deliver services that consistently meet customer requirements. Internationally ISO registered Quality Management Systems (ISO 9001, IATF 16949) include 100% manufacturing sites, 100% support (purchasing and design centers) and 100% labs. Moreover our central lab, located in Spain, has Customer’s Self Approval Condition.





Measures to improve quality and safety

All processes meet a rigorous control plan approved by the client, since the beginning of the production process of each product, which sets all necessary controls which must be conducted in the manufacturing process and in the product itself, at all stages of production.

Likewise periodical audits of processes and product are performed to ensure compliance with all quality and safety specifications.

The aim of our Quality Management System is to establish working patterns to be able to design and manufacture products that meet consistently our clients' requirements and enables us to increase their satisfaction.

The Quality Management System provides the framework to establish the relationships between the different processes that shape ZANINI's activity, as well as procedures, instructions, and records, which determine ZANINI's quality system.

The design and implementation of our Quality Management System is influenced by the organizational environment, any changes and any associated risks.



All our plants are IATF 16949 certified.

This is a standard that establishes the requirements for a Quality management System (QMS), specifically for the automotive sector. The primary focus of the IATF 16949 standard is the development of a Quality Management System that provides for continual improvement, emphasizing defect prevention and the reduction of variation and waste in the supply chain. The standard, combined with applicable Customer-Specific Requirements (CSR's), define the QMS requirements for automotive production, service and/or accessory parts.



Scope of our Quality Management System

The scope of our Quality Management System is the design and manufacturing of plastic components, specializing in painted pieces for the automotive sector conducting the after designing and developing.

ZAG, ZUS, ZCHB

Are responsible of conducting the offer and of designing and developing the products as well as collaborating in the design and development of the manufacturing process. Provide procurement services, manufacturing engineering, innovation and quality and the environment.

ZAP, ZEP, ZAF, ZCZ, ZIT

European plants are responsible of the manufacture of plastic components, specializing in painted pieces for the automotive industry.

ZAT, ZAM, ZAB, ZCH

Our transoceanic plants are responsible of the manufacture of plastic components, specializing in painted pieces for the automotive industry. They also perform a follow-up design and product development and process and take responsibility of part of the process of drafting the offers.

OUR QUALITY SYSTEM PRINCIPLES

- Customer focus
- Leadership
- Staff participation
- Process approach
- System approach to management
- Continuous improvement
- Factual approach to decision making
- Mutually beneficial supplier relationships

Based on these principles, we establish ZANINI's Quality Policies



Quality policy

Top management has established a quality policy as a commitment to comply the quality System requirements, in order to continuously improve its effectiveness.

The policy provides a framework for establishing and reviewing quality objectives.

The policy is disseminated throughout the organization and senior management ensures that its principles are understood by all ZANINI members.

Top management annually assesses the Quality System, and its policy, and if necessary, proceeds to review it and amend it.

ZANINI's Quality System Manual

The Corporate Quality & Environmental Manager must ensure the distribution, dissemination and implementation of our Quality System Manual in ZAG and in each of our production plants. The manual is available online, in order to have an updated version. A software is used to inform users, of any changes in the manual.

The Quality Manual is reviewed once a year or whenever changes to the system or the activities of the Company require it.

The scope of management manual quality ZANINI corresponds to all our activities, from design of injected plastic pieces for further finishing using different techniques, like painted or chromed.

Our Quality System Manual is complemented with documented procedures, such as documentation control, staff training or treatment of non-compliant.

Product responsibility

Our commitment to product responsibility includes product regulatory compliance, life cycle management, and accurately representing our products through communications and marketing.

We work with recycled materials whenever possible, and according to our client's requests. We systematically use recycled materials in our injection processes, and use 100% recycled trays for the delivery of our clients' brand badges.



Life Cycle Management

All ZANINI products, fully developed by us, developed jointly with other companies, or acquired from third parties must be subject to review.

We apply the same life cycle considerations for our internally developed and manufactured products, to any products purchased from suppliers.

- Environmental impacts of Product use
- Environmental impacts of Product Manufacturing
- Environmental Impacts of Raw Materials/Procured Components
- Reduction of Hazardous Materials
- Design for Recycling of Remaining Materials

Management of hazardous materials

Our H&S managers are responsible for the entire management of materials or processes that may involve any potential risks, to prevent any dangers.



ZANINI’S GLOBAL MANUFACTURING SITES
HAVE ISO 14001 CERTIFIED
MANAGEMENT SYSTEMS,

AND THE MANAGEMENT OR PROCESS OF
THESE HAZARDOUS MATERIALS IS
CARRIED OUT UNDER ALL NECESSARY
CONTROL.



Client Focus

ZANINI knows, understands and meets the needs and expectations of current and future customers and end users, as well as our stakeholders’ needs.

Therefore, we work to:



Understand the needs and expectations of our clients, including potential clients.



Determine key product features for customers



Identify and assess competition in its market



Identify market opportunities, weaknesses and future competitive advantage

Responding to Customers

ZANINI has a variety of mechanisms to listen, gather, and importantly act on feedback from customers in the marketplace.

The director of Corporate Quality has overall reporting to the manufacturing organization, staff each division.

They review customer feedback and assure that all questions are addressed in a professional, timely, and effective manner.



Customer satisfaction indicators

We have customer satisfaction indicators for all our production phases such as supply, project, pre-production and final production, which are assessed internally, and through the clients' online platforms. All our workplaces monthly report with indicators, customer satisfaction, with any and all incidents, audits from clients, complains and guarantees.

Headquarters, quarterly publishes strategic indicators, which allow us to assess customer satisfaction.

Our Clients' Quality and Service requests

Our clients request demanding quality and service levels.

We monthly conduct a follow up of the fulfillment of their requests, through their online platforms and adjust, if necessary, our response. Any complains are also managed through their online platforms.

CSR and Sustainability clients' demands

Our clients, leaders in sustainability rankings, request demanding levels of CSR and sustainability performance to their suppliers, assessing us with platforms such as CDP, ECOVADIS, ACHILLES and specific CSR and Sustainability questionnaires.

Quality Planning and customer requirements

When planning the quality of each production, we adjust to our clients' specific requirements and technical specifications.

Customer communication

Clear and detailed communication with our clients, is important in our product manufacturing processes and auxiliary processes, to have a full understanding of product information, purchase orders and any changes which may arise in the products themselves, or in the purchase orders.

We are also committed to offer prompt, fair, responses to any claims or complaints.

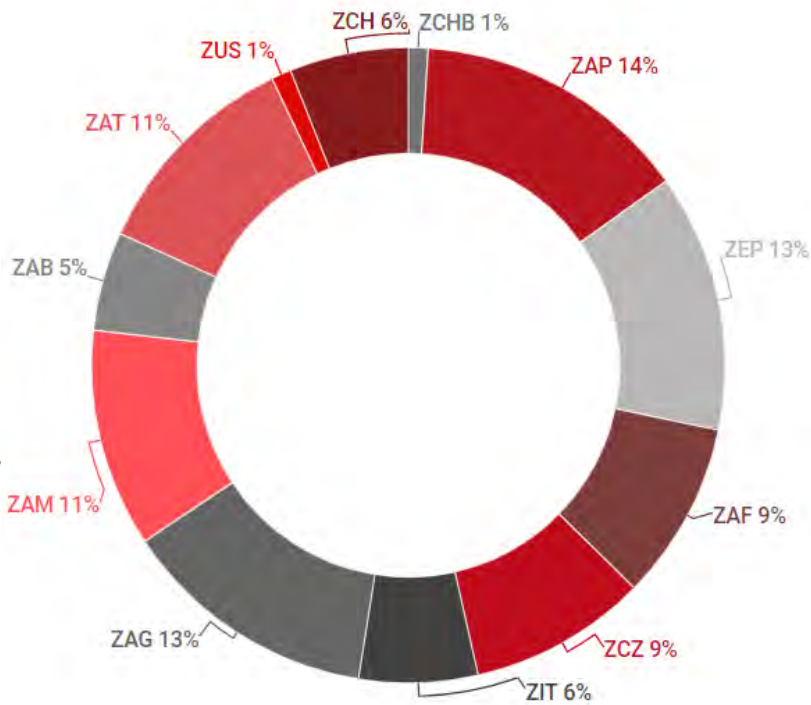


7. EMPLOYEES



WORKFORCE INSIGHT

Our workforce is distributed throughout our different workplaces



Our corporate Values



Our corporate values, of Excellence, Accountability, Team work and Leadership, are:

Key for decision making in recruitment-selection processes (we do not only look at the candidates' experience and background, but give special importance to the candidates' integrity and attitudes towards team playing, respect and support to others). Individually communicated to all our new employees, and, are embedded along the whole integration process (landing) of new employees.

Constitute the 4 key items of ZANINI's Performance Management yearly process.

Represent the core ideas of our Leadership Development Programs, to which the rest of contents and messages are linked (we train our leaders and management teams to obtain results through fair and respectful attitudes towards individuals, and to create inclusive-collaborative cultures).

Always present in our Strategic Plan communications (events, brochures...)



Our Human Resources Strategy

Human Resources Strategy is aimed to contribute to the 3 Strategic Objectives of Innovation, Globalization and Operational Excellence, throughout::

- Attracting, developing and retaining the right human capital to support the Business Growth.
- Specifically developing internal capabilities for international expansion and fostering intercultural mutual understanding and respect.
- Consolidate an integrated organization and a culture based on Excellence, Accountability, Team Work and Leadership.

OUR HR STRATEGY IS BASED IN 3 STRATEGIC OBJECTIVES: **INNOVATION, GLOBALIZATION AND OPERATIONAL EXCELLENCE**

HR’s mission

Our Human Resources is oriented to support ZANINI’s strategic objectives and business goals.

We consider people’s performance, attitude and way of relating to each other, as key elements to achieve our business results, and so, our people’s management, is based on:

- Fair, equal opportunities and development approach
- Safe and secure labor conditions.
- Good working climate and team-work



The general strategy for our HR department management is:

- Be rigorously compliant with labor laws, tax and social security in every country we operate.
- Work for a positive working environment, with a good balance between high demand and respect to individuals’ needs and capacities, and promote team building activities, such as employees’ gatherings, Family Days, and different annual Celebrations.
- Use HR tools to evaluate performance and ensure non-discriminatory career development.
- Prevent and investigate any behaviors of harassment, violence or discrimination of any type.
- Update data of all our working centers, regarding to data on employees, such as age, gender, type of contract, career and training, ensuring the needed confidentiality.



Our workforce

Our almost 1.400 employees are distributed worldwide, amongst working centers in 10 countries and 3 continents (Europe, America and Asia)

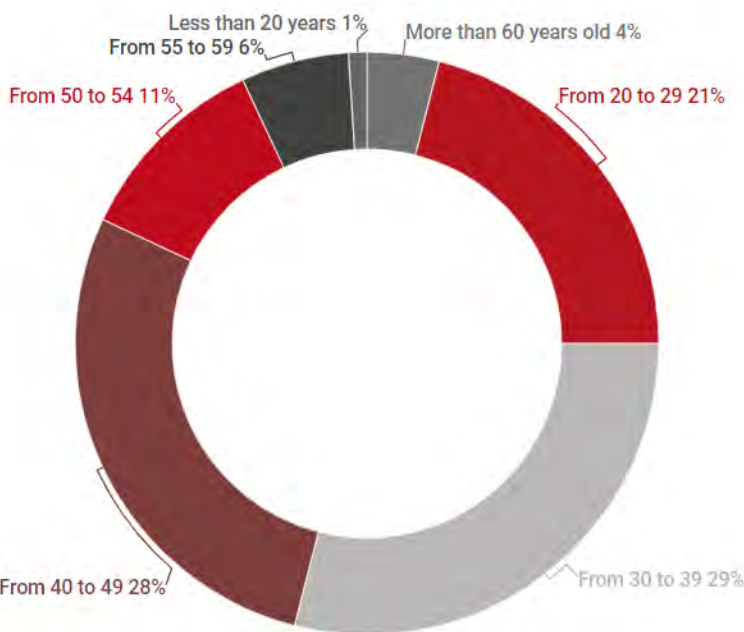
According to their duties, we divide our human capital in:

- 1. **Structure** (offices, administration)
- 2. **MOD - Direct labor**, directly related with the production process.
- 3. **MOI - Indirect labor**, indirectly related with the production process, supporting the direct labor.

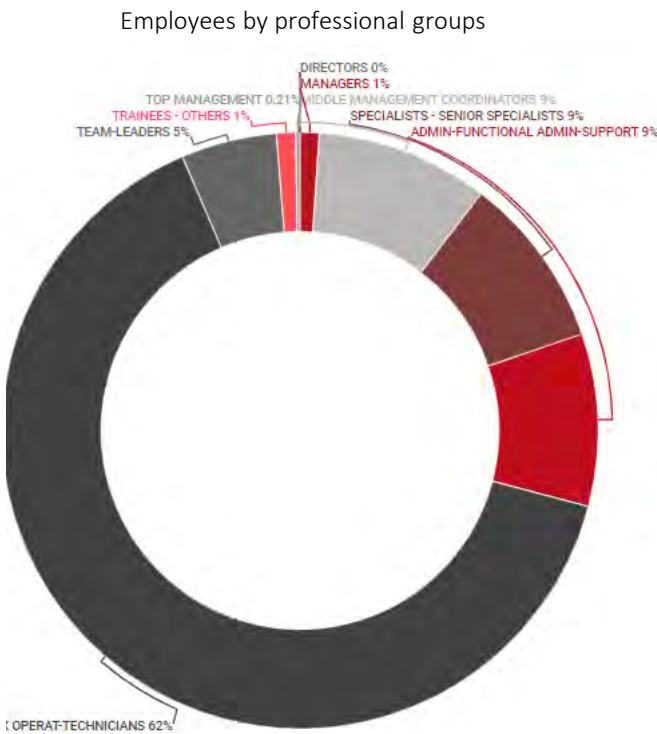
OUR WORKFORCE,
PER GENDER IS
DISTRIBUTED IN
**57% MEN, AND
43% WOMEN**



BY AGE DISTRIBUTION, 57% OF OUR EMPLOYEES ARE
30-49 YEARS OLD



62% OF OUR EMPLOYEES ARE OPERATORS





7.1 MANAGEMENT AND DEVELOPMENT

Socially responsible leadership and workforce ZANINI protects human rights and has socially responsible HR practices, in order to contribute to the well-being of our employees, and also in this way facilitating working environments that foster high performance, collaboration and innovation.

ZANINI expects and requires its employees, high standards of ethical and socially responsible behavior and sets in place the processes to ensure it.

ZANINI's team is very diverse in terms of national origin, race, creed, religious beliefs, and cultures, and we consider this a clear asset, not only to business, but also to ZANINI's own culture. But we are committed to embed our corporate values, amongst them all.

WE ARE COMMITTED TO ENSURE SOCIALLY RESPONSIBLE WORKPLACES, HUMAN RESOURCES PRACTICES, AND SOCIALLY RESPONSIBLE LEADERSHIP AND WORKFORCE

Proximity, openness of management, communication

ZANINI's culture is to be open and close, encouraging horizontal and vertical communication throughout the company, amongst management, teams, and different departments, in order to avoid hierarchic status, and encouraging dialogue and collaboration amongst them all.

This culture offers not only proximity and openness to every team player, but also, invaluable knowledge about our people, performance, capabilities and interests, from different points of view.

We use specific events and channels to communicate relevant information, such as our ZANINI TV, our ZANINI online platform, brochures and newspapers and specific Corporate Strategy communication processes.

Our medium sized company still allows Corporate Headquarters to have a daily interaction with our different Workplaces, which are spread over three continents.



Performance Development Review (PDR) - Global annual process

We annually conduct an online Performance Development Review (PDR) to all our staff and part of our MOI employees.

The questionnaire is linked to our Company values and contains the same items in every country we operate.

Employees make a self-evaluation and are given the opportunity to express their interests on functional and/or geographical mobility.

After that, at least two managers (direct superior and its superior) make their contributions on the Performance and Development Action Plan of the Employee. Whenever there is a third manager, his contributions are also taken into account.

The PDR process was incorporated into an on-line version in 2014 to allow easier and clearer access and monitoring of the Performance and Development Action Plans.



ILUO – Versatility

The Iluo System's aim is to encourage multi-skilling and continuous improvement for operating personnel.

It is a clear tool for internal promotions, as it shows the personnel's evolution, allowing more neutral promotion criteria.

Workplaces like Épila - Spain, and Querétaro – Mexico, have been implementing it in a systematic way.



7.2 LABOR CONDITIONS

STABLE EMPLOYMENT

We want to create wealth and stability for our workforce.

82% of our employees’ contracts are permanent contracts, and temporary contracts are used for occasional needs

Compensation

ZANINI complies legislation in all its working sites with local minimum wages, and in most countries where we operate, our compensation exceeds legal minimum wage requirements.

Working hours

ZANINI complies worldwide, with all applicable laws relating to working hours, overtime, and breaks.

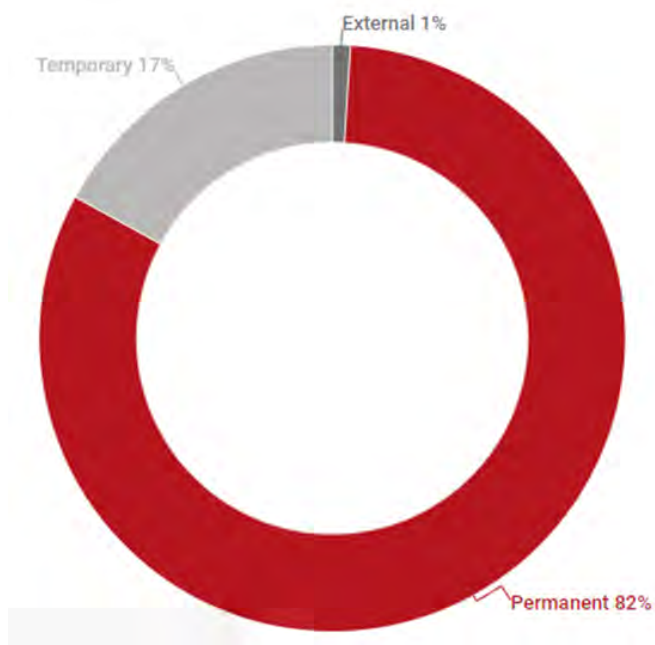
Labor Relations

ZANINI is compliant with laws regarding labor conditions, and we ensure in all our locations a working environment where employees’ questions and concerns are addressed in a fairly and timely manner. ZANINI expressly recognizes and respects freedom of association and the possibility to engage in trade unions.

Work-life balance

Regarding work-life balance measures, we comply local legislation in all our workplaces. We have adopted specific reconciliation measures, for office staff, regardless of their gender, in ZCZ, in the Czech Republic and in ZAT in the USA.

Employees by contract type





In Épila, Spain, when employees return from their maternity/paternity leave, they may choose their working hours, to suit their family needs.

In Detroit, USA, we have established a high level of flexibility in working hours, as some of its personnel needs to be travelling frequently, and may telework.

Our career opportunities

Our career opportunities are always based on meritocracy. Attitude and commitment are assessed in the performance evaluation.

Therefore, aspects such as age, gender or race, are never variables involved in decisions on recruitment, promotion, career development or training.

DURING 2018, 46% OF NEW JOB POSITIONS WERE COVERED BY OUR INTERNAL PROMOTIONS.

DURING 2019, 32% OF NEW JOB POSITIONS WERE COVERED BY OUR INTERNAL PROMOTIONS.

It's part of ZANINI's culture to internally promote our employees.

We strive to make our people develop in their regular jobs, facilitate functional / geographical mobility whenever feasible, and tend to fill internal vacancies with successful employees.

Net Job Creation

CENTER	2019			2018		
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
ZAB	-4	5	1	4	5	9
ZAF	7	-2	5	5	4	9
ZAG	5	-4	1	8	11	19
ZAM	4	-2	2	-4	11	7
ZAP	24	8	32	13	9	22
ZAT	-13	0	-13	27	20	47
ZCH	-4	5	1	18	13	31
ZCHB	5	5	10	1	1	2
ZCZ	-6	1	-5	4	0	4
ZEP	-13	-8	-21	-8	1	-7
ZIT	-13	-4	-17	-4	0	-4
ZUS	2	-1	1	0	2	2
TOTAL	-6	3	-3	64	77	141

A TOTAL OF 141 NET JOBS WERE CREATED DURING 2018, AND A TOTAL OF -3 DURING 2019



Employee Turnover rate

There are various reasons for rotation MOD in plants. The turnover rate varies depending on each country and the situation of the labor market in every moment. In some countries, the general turnover (nationwide) tends to be higher than in others.

There are also factors, such as the opening of a new plant near our facilities, which may increase the turnover rates, where employees are highly sensitive to issues such as salary, and may decide to work for another company.

Our structure employees are the most stable category, followed by indirect labor. Our direct labor category is the one which is affected by more employee turnover.

Turnover 2019:
6% DIRECT LABOR
2% INDIRECT LABOR
2% STRUCTURE

Turnover 2018:
5% DIRECT LABOR
2% INDIRECT LABOR
2% STRUCTURE

	Turnover 2019			Turnover 2018		
	Direct labor	Indirect labor	Structure	Direct labor	Indirect labor	Structure
ZAB	3%	1%	1%	3%	3%	1%
ZAF	2%	1%	2%	2%	1%	3%
ZAG	-	-	1%			1%
ZAM	10%	1%	2%	9%	1%	1%
ZAP	3%	0%	5%	4%	0%	5%
ZAT	17%	4%	1%	11%	3%	3%
ZCH	10%	4%	2%	4%	7%	3%
ZCHB	-	-	2%			2%
ZCZ	2%	1%	0%	2%	1%	2%
ZEP	4%	0%	1%	5%	0%	0%
ZIT	3%	1%	1%	2%	1%	1%
ZUS	-	-	1%			1%
	6%	2%	2%	5%	2%	2%



Worldwide internal career opportunities

We promote international mobility among those employees who wish to live the experience of living abroad. Some of our workplaces publish vacant positions on their internal channels of communications.

Social benefits for employees

We have established social benefits for our employees which are complementary to the salaries in our different workplaces. We do regular monitoring of Salary and Benefits regional or local trends, to ensure both competitiveness and fair remuneration.





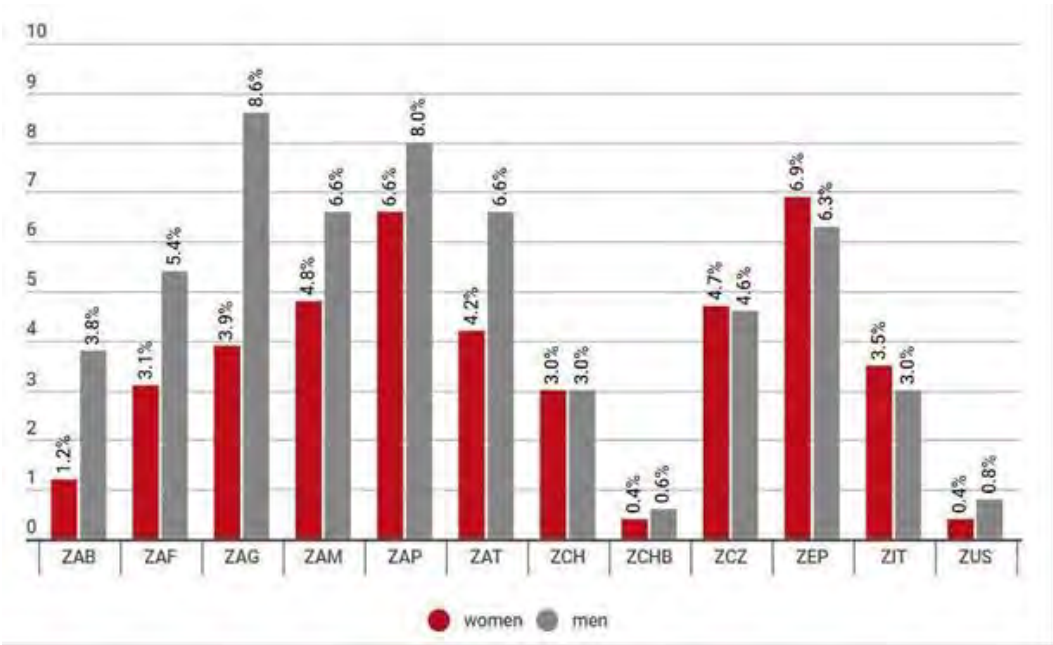
7.3 DIVERSITY AND EQUAL OPPORTUNITY

Diversity

Most countries tend to have a shortage of women in traditionally “male” professions like the ones our Company (industrial activity – automotive sector) require: Engineering and technical profiles. Nevertheless we have reached 43% of women in our workforce, and are determined to continue offering equal opportunities for men and women.

WOMEN REPRESENT A MAJORITY OF OUR EMPLOYEES IN OUR SITES IN ZCZ, ZEP AND ZIT

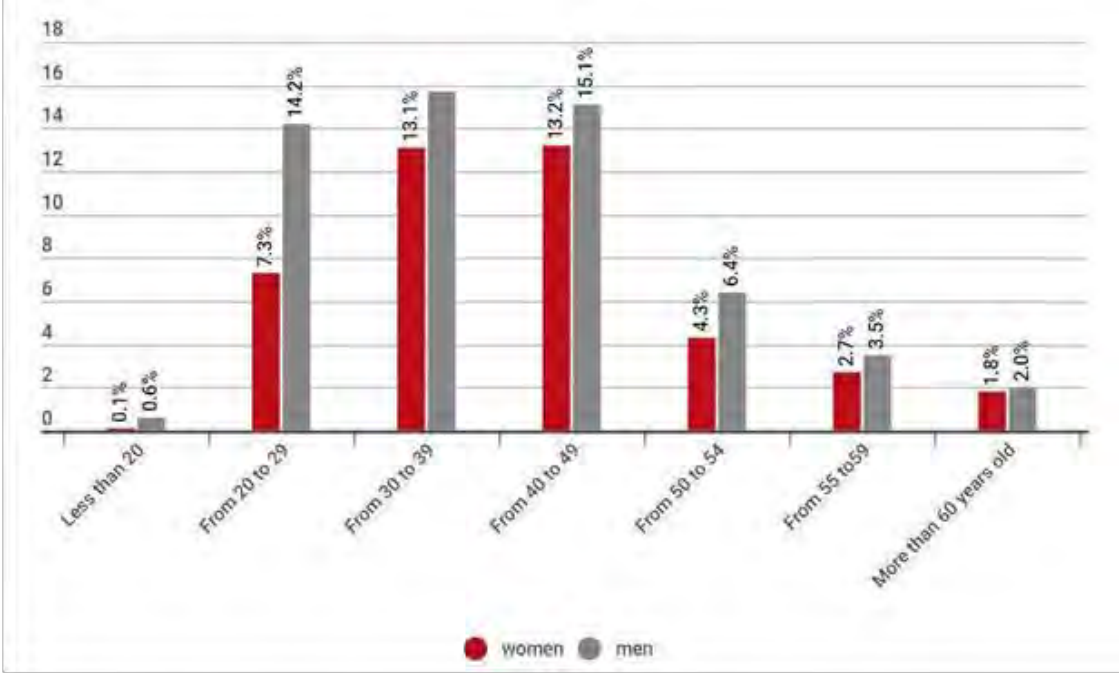
Employees by gender and working center



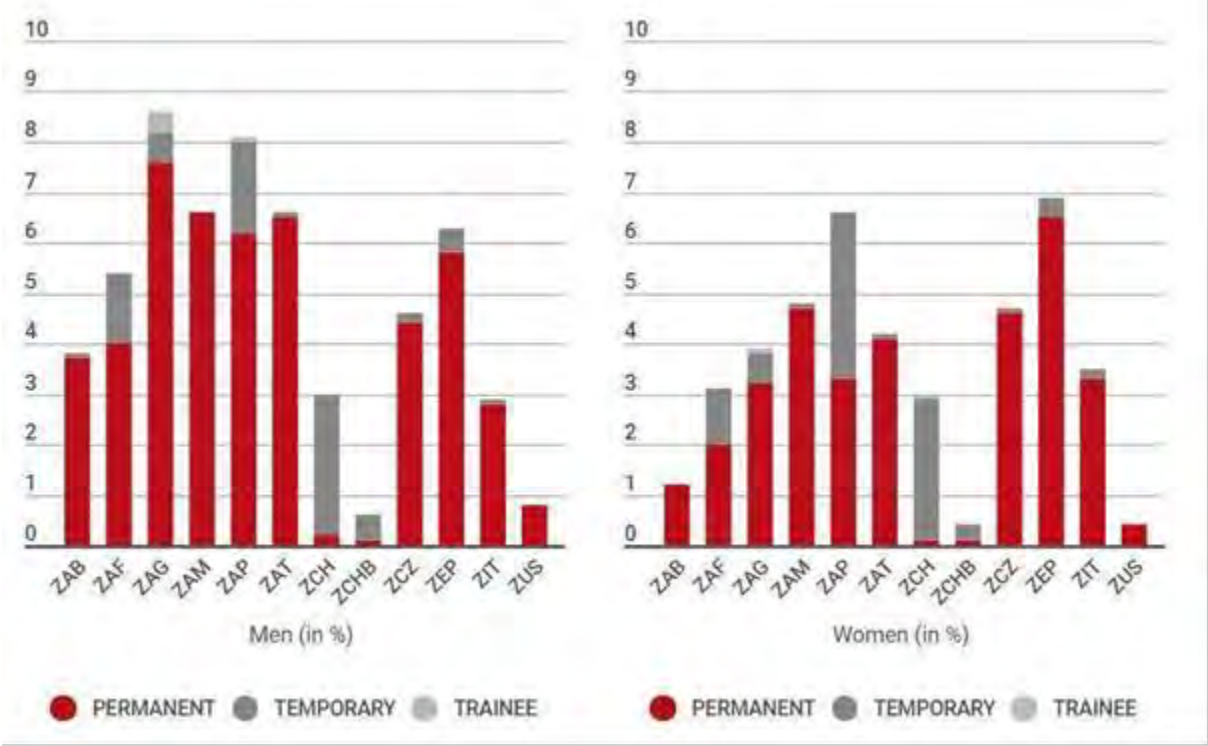
All our workplaces are compliant with local regulations regarding equal opportunities. In those countries, like USA, where there is a particularly strict legislation (EEOC), we increase our efforts offering additional specific training courses in equal opportunities.



Employees by age and gender

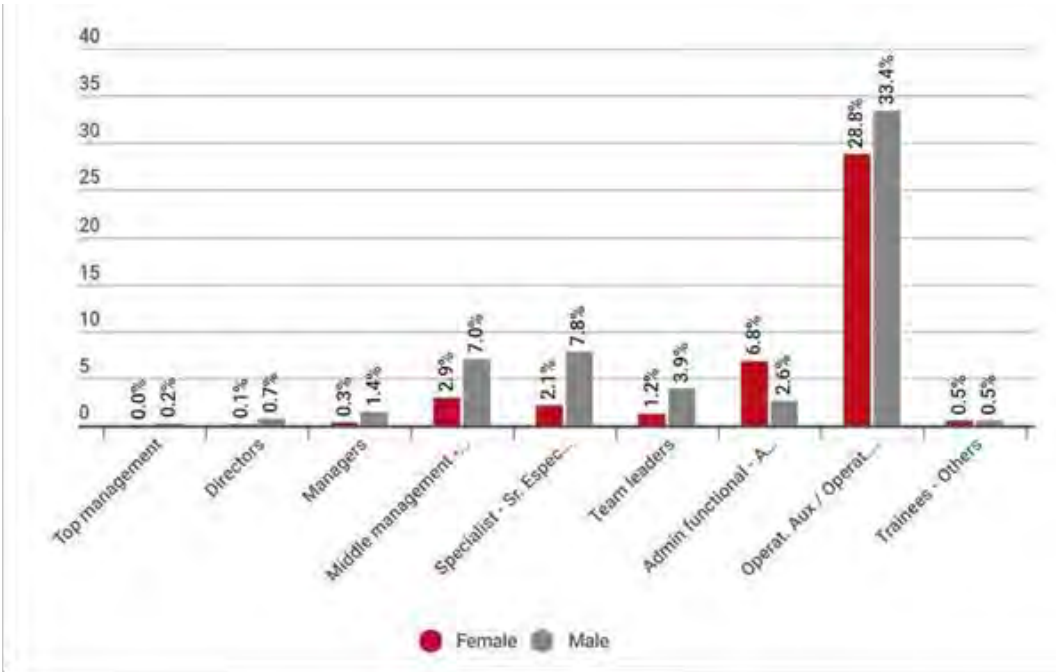


Employees by gender, contract type and working center





Employees by gender and professional groups



Equal opportunities

All employment-related decisions are based solely on relevant neutral criteria including training, experience, alignment with company goals, suitability for the job and equal opportunities to ensure secure working places and professional relations free from any kind of discrimination, harassment or intimidation.

ZANINI avoids and prohibits all forms of discrimination, harassment or intimidation against employees, applicants or business partners, based on sex, age, race, color, national origin, creed, religion, disability, marital status, gender identity-expression or any other reason prohibited by laws against discrimination.

With the aim to assure equal opportunities, ZANINI is working to start the implementation of an EQUALITY PLAN, during the next exercise.

Integration of people with special needs or vulnerable communities

Regarding the integration of staff with special difficulties or vulnerable communities, workplaces comply with the legislation, and 1,66% of the total of the headcount are part of these communities.

We have a program to promote employment to long-term unemployed people in our workplaces in Tennessee, USA and Parets, Spain.

We have established a specific program in our workplace in Querétaro (México) for people with sensorial disability.



7.4 HEALTH AND SAFETY

ZANINI has health & safety policies and practices that guarantee safe working conditions for both staff and visitors of our working centers.

ZANINI's environmental policies and practices contribute to avoid health & safety damages to the communities and society in which we operate.

Global H&S

Protection of Health and Safety in the workplace is a value in ZANINI reflected in our Global Safety and Health Policy and in the Continuous Improvement Workshops annually developed in our plants.

This commitment goes beyond compliance with legal requirements, as we meet current regulations controlling and supervising industrial operations from the beginning to the end. Plants conduct risk assessments to identify risks associated with the processes and methods. These assessments include air and noise monitoring and ergonomic programs.

Depending on the result of the risk assessment, every plant develops improvement plans, employees training activities and awareness programs.

Incidents and Accidents are also recorded and analyzed to have a better understanding of the factors causing them.

In addition, contractors are asked to submit evidence of compliance with legal requirements and notification of any injury occurring while performing work in ZANINI.

H&S Management System

ZANINI initiated a plan to achieve OHSAS 18001 Certification for all plants, being our plant in Czech Republic the first one to get it. This standard is currently in the evolution phase to the ISO45001 certification. ZANINI's goal is to achieve this certification gradually in all plants..

The implementation of this standard is playing an important role in assuring compliance with local regulations, creating a preventive culture, improving safety and protecting health.



Safety indicators

ZANINI records accidents and compares the result between plants and across the years since 2011. Frequency Index and Gravity Index are globally used for this purpose.

Our target is zero injuries.

	ZAB	ZAM	ZCZ	ZCH	ZCHB	ZAP	ZAF	ZEP	ZAT	ZUS	ZAG	ZIT
NUMBER OF EMPLOYEES	68	160	130	83	23	206	120	185	152	16	155	90
NUMBER OF ACCIDENTS	2	4	3	1	0	4	20	5	5	0	2	1
LOST DAYS BY ACCIDENT	112	16	103	180	0	441	331	114	22	0	26	23
FREQUENTLY INDEX	12	11	11	6	0	11	92	15	15	0	7	5
SEVERITY INDEX	1	0	0	1	0	1	2	0	0	0	0	0
INCIDENCE RATE	3	3	2	2	0	2	18	3	3	0	1	1
MEDIA DURATION RATE	56	4	34	180	0	110	17	23	4	0	13	23

Employees’ involvement in H&S

Employees’ involvement is critical to achieve implementation of safety programs.

ZANINI encourages cooperation between management and employees through safety and health committees.

These committees are a group of employees from all levels of the plant whose function is to support the safety and health program. They meet regularly to analyze incidents, accidents or recognized hazards ZANINI also seeks employee involvement through Kaizen Activities.

H&S Prevention System

We have implemented a Management System Occupational Health and Safety (SGPRL), which is integration in the company’s system of total quality management (SGC) and Environmental Management System (SGMA), its practices and procedures to comply with current Prevention Occupational Health and Safety legislation, complemented with the specific requirements of OHSAS 18001: 1999.



ZANINI's H&S Manual

Our Health and Safety manual, aims to:

- Establish a prevention plan.
- Establish Health and Safety, policies, objectives and goals.
- Establish a Risk Prevention Management System (SGPRL) which guarantees at all times, compliance with current legislation
- Satisfy the requirements of the OHSAS 18001, compatible with ISO 9001 and ISO 14001.
- Assign responsibilities and functions to be performed by the different involved areas.
- Reference procedures and instructions to be followed in each case.

The guidelines described in this manual are applicable to ZANINI and all productive plants, in the activities of design and manufacture of plastic components for the automotive sector.

H&S Training

ZANINI defines the minimum knowledge for each job position and the activities program.

For the proper training of personnel, according to the duties to be developed within the SGPRL or its involvement it may have in any preventive activities.

These activities are carried out according to our internal staff training procedure.

It also develops the necessary steps to meet the shortcomings of its personnel and establishes training programs to achieve a certain level of knowledge.

The training provided to employees must consider:

- The importance of compliance with the policies, procedures, instructions, and Management System requirements of Health and Safety.
- The results of the Risk Assessment.



The Prevention Officer, the Plant Manager and the Prevention Representative collaborate with the responsible officer for training in Human Resources, to select the relevant training activities, to fulfill the needs of staff training.

At the end of each year, the Human Resources Department publishes Training Activities Report, containing those carried out throughout the year, and proposes a Training Plan for next year, to the Management Committee.

The effectiveness of the training is verified regularly, which allow corresponding improvement actions.



H&S Awareness

Awareness affects all company's employees.

The Operations Director leads the actions, together with the Prevention Officer, the Prevention Representative and the Plant Manager.

Actions can be diverse, and include distribution of documentation, placing posters and holding speeches.

H&S Professional Competence

ZANINI has specialized qualified staff, for the Health and Safety Management System.

H&S Communication, participation and consultation Participation of the employees in health and safety issues, is carried out through the Safety and Health Committee, whenever this committee exists in the workplace, or by the Prevention Representatives or Workers representatives.

The Health and Safety Committee sets the periodicity of the meetings, which will be at least, the one established by the law.



Prevention and response in case of emergency

ZANINI has developed a comprehensive emergency plan in each of its operating centers to respond to accidents and emergencies, as well as to prevent and reduce the material and human damage that may be associated with them.

The preparation of this Emergency Plan is responsibility of the Department of Operations and is reviewed regularly, especially whenever any incidents, accidents or emergency situations occur.

It is the Prevention Representative responsibility to duly inform, in order to update the Emergency Plan.

Lost hours by absenteeism

	Absenteeism 2019		Absenteeism 2018	
	Direct labor	Indirect labor	Direct labor	Indirect labor
ZAB	1.437	914	859	289
ZAF	5.322	3.985	5.905	1.692
ZAG	0	0	-	-
ZAM	3.000	104	1.947	80
ZAP	15.127	3.280	10.013	2.289
ZAT	8.990	1.026	8.730	1.268
ZCH	1.291	672	500	636
ZCHB	0	0	-	-
ZCZ	2.211	1.906	8.929	1.919
ZEP	11.763	4.331	7.201	6.813
ZIT	9.108	2.581	6.302	2.057
ZUS	0	0	-	-
TOTAL	58.248	18.799	50.386	17.043

	% Absenteeism 2019		% Absenteeism 2018	
	Direct labor	Indirect labor	Direct labor	Indirect labor
ZAB	2%	2%	2%	1%
ZAF	5%	7%	7%	3%
ZAG	0%	0%	-	-
ZAM	2%	0%	1%	0%
ZAP	9%	4%	7%	5%
ZAT	5%	1%	9%	2%
ZCH	3%	2%	1%	2%
ZCHB	0%	0%	-	-
ZCZ	2%	3%	9%	3%
ZEP	6%	5%	3%	9%
ZIT	9%	6%	6%	5%
ZUS	0%	0%	-	-
TOTAL	5%	3%	5%	3%



7.5 TRAINING

investing in continuous qualification and training

We do our best to build capacities, through training, team work, continuous quality improvement processes, participation in projects, etc. In addition we invest in training our employees, even when economic context is not supportive.

“Leadership Development Programs” are yearly training proposals for each of our workplaces. They will be approved according to the yearly budget.

If a training has been approved and it has not been carried out, the workplace must inform of the reason why it has not been conducted, according to standard TS16949.

Yearly Training Programs

Annually, staff training is planned in all workplaces in order to adjust the employee’s activity, improving and updating the desirable skills, abilities and attitudes.

In these terms, ZANINI’s training is characterized by:

- It is oriented towards the job to the person.
- It is a planned process.
- Must have clear and precise objectives.
- It aims to provide technical knowledge and attitudes to perform specific tasks.
- Has predictable, uniform and short-term effects.

ZANINI training is planned, according to two types:

- 1) **Technical training:** This includes all specific trainings for the job (eg. molds, injection, CATIA). Transversal training skills (like computer, software, or languages), are also included.
- 2) **Training skills:** This includes those training which aim to develop skills of the person, such as communication, negotiation or leadership.

The HR Manager is the responsible for completing the Annual Training Plan, which has the following procedure:



1) Analysis of training needs

The HR manager has a meeting individually with each department manager, to collect information on the training needs of employees. Each department manager proposes the needed training for his team (courses, participants, approximate timing and cost, if available). These proposals are the result of the preliminary analysis by the department manager, through talks with his team, future planning of the department, informal comments and Performance Development Review (PDR) Action Plan, among others.

All our training must follow a strategic objective, so that each course will be identified with one or more strategic objectives. If this requirement is not met, the training will not be carried out, unless exceptionally. The training is absolutely essential for the correct operational of the company.

Once the HR Manager has held his meetings with all department managers, he will hold a last meeting with the plant manager, who decides what trainings are priorities for next year.

2) Rationale and determination of participants

The need of the trainings must be justified, and the specific person who will receive it must be identified. The Training Plan includes this information.

3) Timing and cost

Training will be prioritized by quarters (Q1 January-March, Q2 April-June, Q3 July-Sept, Q4 Oct-Dec).

The Training Plan includes direct cost of the training.

The final document, with the total cost of the approved budget for next year, is signed by the Plant Manager, sent to headquarters to be signed and return the approved Training Plan to the workplace.

Upon receipt, the local HR Department manages it, coordinates and implements it.

An internal document requesting authorization to implement must be authorized for each course. Once the course has been carried out, an evaluation will be carried out by the participants (adequacy of the program to the initial needs, training organization, facilities, and trainer).

After 3 months of its completion, the participant's manager will evaluate the efficiency of the course (application of the new skills in the participant's ordinary in his job post).

Only those trainings related to raising awareness or receiving information will be except from further evaluation.



At the end of each year, prior to the budgeting of a new Training Plan, those planned trainings which have finally not been carried out, are analyzed in order to decide if they need to be included in the next training plan.

In addition to planned training according to the Annual Training Plan, we also offer further trainings:

Integration Training

This type of training has as its main objective the adaptation of newly hired to the demands of professional situations, basically integration into the project, broaden staff knowledge in technical areas that are deemed necessary to fulfill its role and facilitate their integration and adaptation to the culture of the company. It is done within the first 3 months following recruitment; it is planned from the HR department, in coordination with the direct manager needs for each new employee.

Unplanned training

New needs might arise, which have not been forecasted in the Training Plan, such as:

- New employee with specific needs to comply with the required minimum skills for the performance of its duties.
- Changes in the job post, with new requirements associated with the job post.
- Promotion of an employee to a new position which requires the acquisition of new skills.
- Legislative changes requiring staff training (eg. on risk prevention or environment).
- Specific requirements of customers.

In such situations, the same procedure of application for authorization is followed, specifying in the internal document, the training is off-budget and completing a specific annex, for the aim of the unplanned training, justification of the need for training and relevant observations.

Internal training “knowledge transmission”

This type of training is conducted internally and we register attendance, reporting of hours and resources. It is training that is offered by some department, in order to share experiences and best practices in the management of a particular topic (eg. a specific product, project, experience with the rest of the team). It is a very common practice, among the engineering department, but is also applicable to every department.

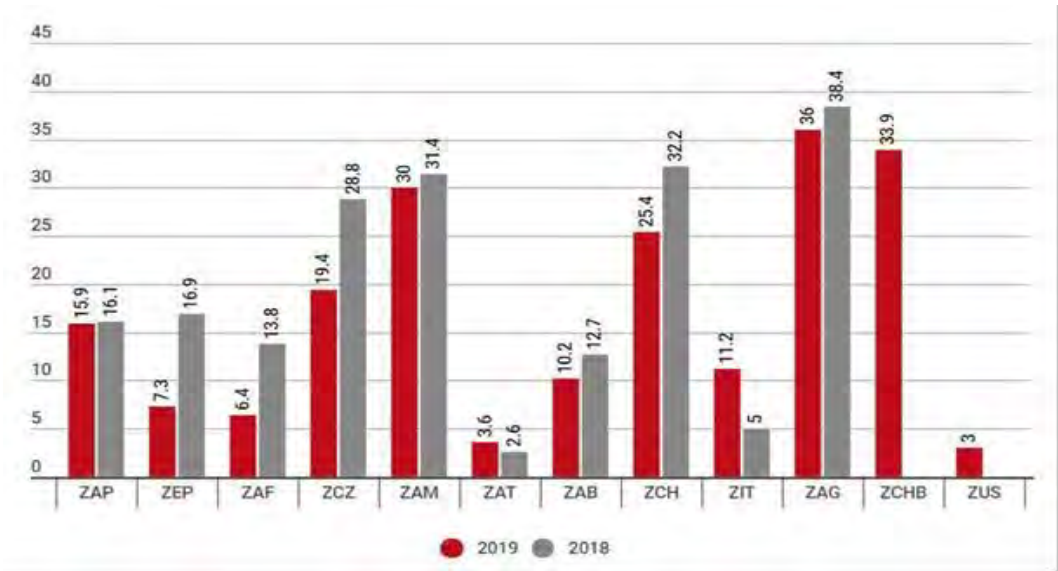


Yearly Training hours per employee

During year 2019, our highest media of training hours per employee per year, was 36 hours in our HQ ZAG, whilst our lowest was 3 hours in ZUS. The training hours have fulfilled the scheduled training programs, according to each sites’ needs.

**OUR HQ ZAG
OFFERED A MEDIA
OF 36 TRAINING
HOURS PER YEAR**

2019 - 2018 yearly training hours per employee



In 2018 ZANINI launched a new internal Concept, and a corresponding internal Brand and Motto, called Zanini Academy – The Learning and Development Experience. Zanini Academy’s Mission is to contribute to business results through continuous people development, turning ZANINI Workforce into Human Capital. Main objectives of Zanini Academy are to put together, improve and provide internal value to all ZANINI schemes that are aimed to Learning and Development. That is: Training Plans, Integration Schemes, Leadership Development Programs, Knowledge Sharing activities, Performance Development Review, and Detection of Potential tool.



Zanini Academy, thus, is aimed to reinforce a Learning and Development (L&D) Concept that is SISTEMATIC, CONSISTENT (throughout the Company), DURABLE and VISIBLE. It contains diverse specific initiatives (Training Tracking System, Learning Materials...) and in 2018 has been launched in our Headquarters. Zanini Academy is being deployed in all Zanini working centers throughout 2019 – 2020.



Fair Performance and Development Management

We have Performance and Development Management processes in place, which are conducted yearly in all our sites.

Human Resources support managers to have meaningful, sincere and fair relations and conversations with their employees regarding their performance and development opportunities.



Compensation and benefits

We track on a regular basis, our compensation and benefits conditions, buying remuneration studies to ensure, not only our business competitiveness, but also competitiveness in the diverse labor markets where we operate.

Working climate regular assessment

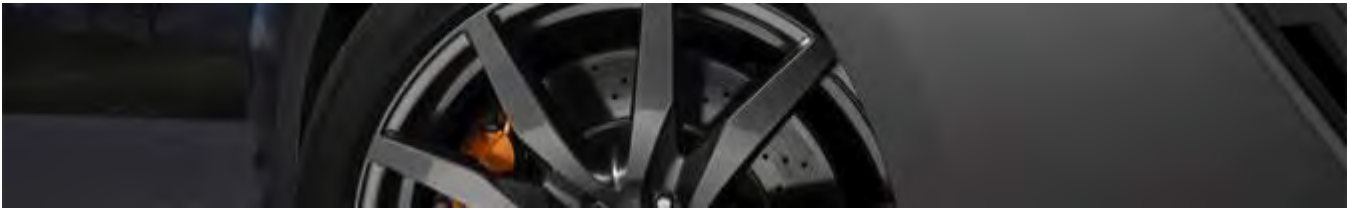
We assess working atmosphere both continuously on an informal way, through senior experienced HR professionals in every location, and regularly (every 3 years) in a formal way, through our Worldwide ZANINI Climate Survey.

**5 MAIN AREAS OF STUDY:
PROFESSIONAL DEVELOPMENT,
ORGANIZATION AND TEAMWORK,
WORK ENVIRONMENT, LEADERWHIP
MANAGEMENT AND
COMMUNICATION.**

Our latest Working Climate Survey was conducted in 2019, and offers the following results:

Working climate survey results 2019





8. SUPPLIERS

According to their activity, we have mapped our suppliers, in the following categories:

Category 1	Suppliers selected by Customer (OEM)
Category 2	Suppliers selected by ZANINI
Category 2a	Pieces (rings, emblems, clips, padding)
Category 2b	Chemicals for the manufacturing of paintings, glues and materials, and injection.
Category 3	Auxiliary Suppliers of products used in our manufacture or delivery processes - packaging and labelling, but not directly part of our products.

Supplier development and recognition

ZANINI permanently strives to provide quality components and services in a cost-benefit relationship, drive continuous improvement and provide the end user consistently quick deliveries. These same guiding principles towards excellence in customer satisfaction and continuous improvement are, necessarily, a goal which must be shared in our supply chain.

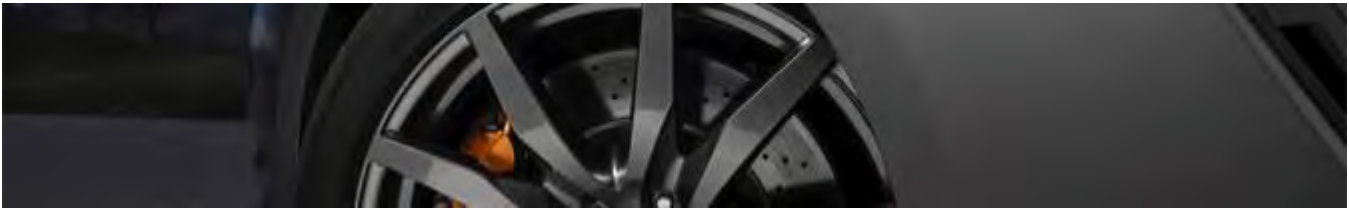
Suppliers are responsible for the quality of their products, compliance with the standards in their systems and processes, and display an optimal level of performance to ensure competitiveness in the global environment.

ZANINI’s policy is to support the development of its suppliers and value them for their sustained performance and continuous improvement.

Quality demands in our supply chain

All ZANINI suppliers have a third-party certification of its quality management system according to the current version of ISO 9001 and according to Zanini’s Suppliers’ Handbook.

On the other hand, we request our key suppliers to adopt and implement the requirements of the Technical Specification IATF 16949, according to their quality results, and the influence of their product in our final products’ quality.



Quarterly Quality Supplier’s Evaluation

ZAG continuously assesses through the Suppliers Quality Index (IQF) the evolution of our suppliers’ quality, based on the evaluation of its quality system and the level of their services.

Suppliers start with a score of 100, from which different criteria will be deducted. According to their performance, we categorize our suppliers’ Fitness level, in:

A	85 ≤ IQF ≤ 100
B	65 ≤ IQF ≤ 85
C	0 ≤ IQF ≤ 65

The Supplier Quality Assurance Officer will quarterly issue a report, ranking our suppliers in the “A”, “B” or “C”. This report is submitted to our Purchase and Quality Department in ZAG, with a copy to the Quality Managers of the Group’s plants.

The results of the assessment are summarized in the “level indicator I.Q.F. Providers”, which offers information about quality level, evolution and fluctuation particular suppliers.

This offers objective data for the purchasing department.

Supplier in Level “C” (IQF under 65) will be introduced in the IQF Improvement Process.

We request from our suppliers to fulfil CSR demands, regarding human rights, health and safety, non-discrimination, child protection, anti-corruption, respect for the environment, protection of confidential information and labor law.

CSR demands in our value chain

ZANINI explicitly requests all its suppliers to comply with applicable laws in their respective countries, as well as with the best practices and generally accepted values of Corporate Social Responsibility.

We request the CSR performance, through:

- Supplier Quality Manual
- Supplier Preliminary Questionnaire
- Environmental questionnaire
- Terms of purchase (purchase contract)
- Environmental questionnaire RA001 and questionnaire RC047.
- The supplier must have an insurance, to cover any financial losses arising from non-compliance of environmental requests.



Mapping our suppliers on CSR

We request your suppliers to comply our CSR standards. Non-complaint suppliers will be considered non approved suppliers.

In those countries where CSR may be improved, ZANINI selects specific suppliers, including those who do respect CSR principles and values.

To achieve this, ZANINI always makes previous visits to any new supplier with potential for any improvement in its CSR in order to check for any irregularities, and if so, the potential supplier remains out of the supply chain. Also conducts regular visits to selected suppliers, with the aim of detecting violations in CSR compliance.

WTO suppliers

ZANINI only purchases in countries belonging to the WTO (World Trade Organization) which advocates and monitors the practices in terms of non-discrimination, openness, transparency, environment and public health.

ZANINI disregards the purchase of any products, from any countries which are publicly suspected of malpractices in CSR.

LOCAL SUPPLIERS

In our determination to serve our customers locally, we strive to strengthen local research and development and purchase from local suppliers, to better serve our customers around the world, and create employment and wealth around our workplaces.



9. COMMITMENT TO THE ENVIRONMENT

All of us, members of the ZANINI team, in our strive to continuously improve our environmental performance undertake to act according to the following principles:

- The protection of the environment is a positive value for ZANINI, whose commitment exceeds mere compliance with the legal requisites.
- Compliance with our clients' requirements and all other relevant regulations through our control and supervision of operations.
- Optimizing the use of our resources, raw materials, water and energy by applying the best available and most economically feasible techniques.
- Promoting the study and use of new technologies which are less polluting, as well as reducing our waste.
- Setting environmental targets and developing action plans to achieve them, with the necessary resources.
- Promoting staff involvement, through education and awareness training, in order to improve the organization's environmental behavior.
- Sensitizing and involving all our suppliers and sub-contractors in order to achieve compliance with our Environmental Policy.
- Providing practical and effective solutions and products to address our own and our customers' environmental challenges.
- Setting and implementing global environmental policies, management systems, and tracking and maintaining key performance metrics, enables ZANINI to continually integrate and drive environmental stewardship throughout the organization.



9.1. ENVIRONMENTAL MANAGEMENT SYSTEM

All of us, ZANINI has extensive global environmental management systems in place to identify, track, and manage relevant information indicative of corporate-wide environmental performance.

These include management systems covering a full range of environmental compliance and performance metrics relevant to ZANINI's operations, including the following critical elements:

- Environmental compliance management
- Energy management
- Air quality management
- Waste management
- Water management
- Product life cycle management
- Sustainable Packaging

We are expecting our recently incorporated sites in China and Italy, to achieve the ISO14001 certification in the forthcoming months.

ZANINI's environmental management is based on ISO14001, from which we develop all our corporate environmental policies, manual, procedures and instructions, which are available, through our website, and are followed in all our workplaces.

Environmental objectives are marked from our Headquarters in Spain, previous dialogue and agreement with the managers of each of the plants, which also have their own specific operational procedures.

All of our ZANINI's global manufacturing sites have ISO 14001:2015 certified management systems, which are reviewed by an independent 3rd party as required by that standard.

All of them are working on the new standard version ISO14001:2015 to get the new certification shortly.





Environmental Manual

Our environmental Manual aims to:

- Satisfy the requirements of the ISO 14001
- Establish Environmental policy, objectives and environmental goals.
- Establish an Environmental Management System which guarantees, compliance with current legislation.
- Assign responsibilities and functions to be performed by the different involved areas.
- Reference procedures and instructions to be followed in each case.

The Corporate Quality & Environmental Director is the responsible to manage and implement this manual in ZANINI's productive plants.

The objectives and targets set by the management are developed for each of the plants or operating units in the form of action plans which include the responsibilities, resources and deadlines for achieving the environmental objectives and goals of the organization.

ZANINI, in order to ensure compliance with environmental requirements, keeps track of legislation that may affect their activities, products or services.

Environmental Compliance Management

Operations are subject to global environmental laws and regulations including those pertaining to air emissions, waste water discharges, toxic substances, and the handling and disposal of solid and hazardous wastes. These laws and regulations are enforceable by national, state and local authorities around the world. ZANINI is committed to be fully compliant with all global environmental requirements and regulations.

All manufacturing facilities are required to complete a Global Environmental Management annually, which consists of a detailed evaluation of each facility's systems to ensure environmental compliance and management system performance.

Our Environmental Auditing Program

Manufacturing, distribution and laboratory operations are audited for environmental compliance, in order to:

- Measure and assure that procedures, practices and programs comply with environmental regulations
- Identify potential environmental concerns and establish plans to address them
- Apprise management on compliance matters
- Assure ZANINI environmental policies and standards are met



To achieve this, we use a variety of tools and resources:

- Internally-developed compliance protocols
- Global Environmental Management
- Externally-purchased compliance protocols (included in Supplier's Manual)
- External environmental consultants as needed to provide additional expertise and 3rd party verification of our auditing protocols
- Complete and robust documentation of audit findings, assignment of responsibility and due dates for closure of findings, and detailed review of findings closure to assure corrective actions are appropriate and sustainable
- 14001 external audits
- Client's environmental audits

Environmental investments

Group Wide

- New returnable containers for many products

ZANINI Parets

- Improvements on paint line to reduce material and mainly energy consumption (New engines and pumps)
- Renewal of temperature control equipment on molding machines (BIT)
- Renewal of cooling equipment (BIT) to prevent gas leaks and reduce energy consumption
- Renewal of dehumidification equipment (Energy consumption improvement)

ZANINI Épila

- New compressor for AC and cooling equipment (Energy consumption improvement)
- New pump system to move flammable liquids to a specific ATEX area, reducing ATEX risk while handling these liquids.
- New fire detection system installed

ZANINI France

- New centralized dehumidifier to improve dehumidification process performance (reduce consumption / kg)
- New pumps and regulation cabinet for cooling system (Improve performance and reduce consumption)

ZANINI Czech Republic

- Renewal of general molding chiller (2003) (Energy saving)
- Investment on micro-gel cooling technology in specific machines (Energy saving)
- Substitution of electricity compensation box to ensure prevention against sending unsolicited energy back to general grid
- Renewal of AC in Server room (Energy saving)

ZANINI Italy

- Painting line general update (New engines, PLS, encoder, electric installation...) (Efficiency improvement)

ZANINI Tennessee

- New turbo gel cooling equipment for molding machine (Improve efficiency)

ZANINI Mexico

- New engines for paint line air system (More efficient)

ZANINI Brazil

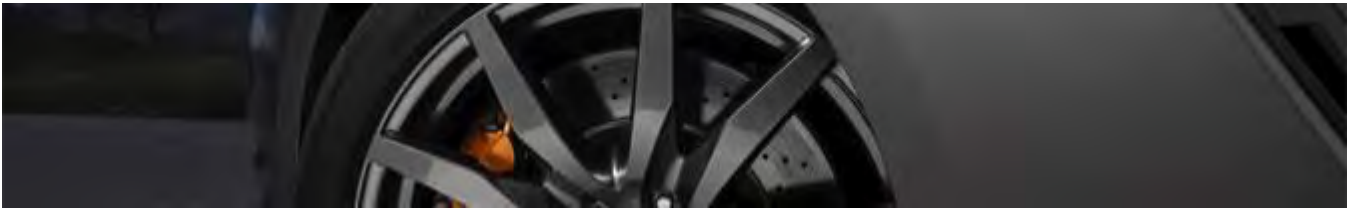
- New electric turbine for paint line (Energy Saving)
- New oil containment pallets, to improve waste oil management.

ZANINI China

- Renewal of mold temperature control (Energy saving)
- New transformer (More efficient)
- New cooling equipment for molding machine (More efficient)

ZANINI India (Newly implemented)

- All machines and side equipment have been selected following a strict energy efficiency criterion



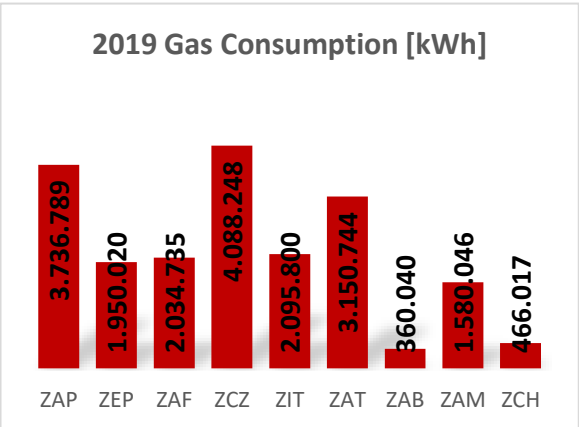
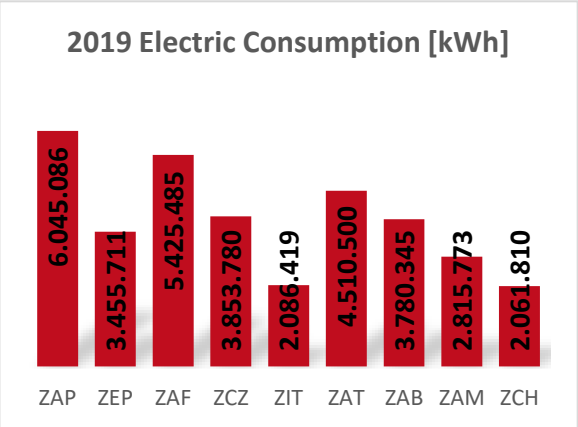
9.2. ENERGY

At ZANINI, energy management is global, comprehensive and extends beyond energy efficiency efforts in factories. It involves personnel from environmental operations, facility operations, sourcing, engineering, etc. Each department ensures energy efficient technology is being used, opportunities are being identified in the design process, renewable energy opportunities are identified, and data is tracked routinely and consistently by facilities.

We run internal and external audits and collaborate with organizations such as CIAC (Clúster de la Indústria d'Automoció de Catalunya) and Endesa, in order to promote and achieve a more efficient energy management.

ZANINI has also worked to reduce the energy requirements of products by adding new technology such as injectors, thermal blankets or new lighting system.

The following tables show the electricity and gas consumption during 2019 in all ZANINI's production plants:



9.3. EMISSIONS

Volatile Organic Compounds (VOC) levels and Evaluating Progress CO2 emissions from ZANINI operations are tracked and reported according to the administrative and legal regulations valid in each production center.

Reductions in CO2 emissions have been accomplished through the development of solvent-less and lower particulate technologies, green chemistry initiatives, pollution prevention programs, and pollution control equipment.

9.4. WATER

Reducing water use is an important element of environmental stewardship.

The standard requires ZANINI operations to manage their water resources through understanding their water use, compliance with regulatory requirements, systematic conservation and reuse, and reporting of water usage.

Water resources include water intake, effluent water discharge, and rainwater.



9.5. EFFLUENTS AND WASTE

Waste management and minimization is an important component of ZANINI's environmental stewardship.

Waste Management standard applies to all locations and provides the framework and corporate expectations that are required to manage all waste types from the time of generation until reused, recycled, treated or disposed. The standard sets a baseline for several core waste program elements and encourages waste minimization and recycling whenever possible.

Recycling, Reuse, Treatment and Disposal

All waste recycling, reuse, treatment, and disposal practices are required to comply with applicable regulations, including waste stream profiles, content identification, and labelling.

Compliance with all ZANINI and other regulated waste requirements is evaluated through the environmental auditing program.

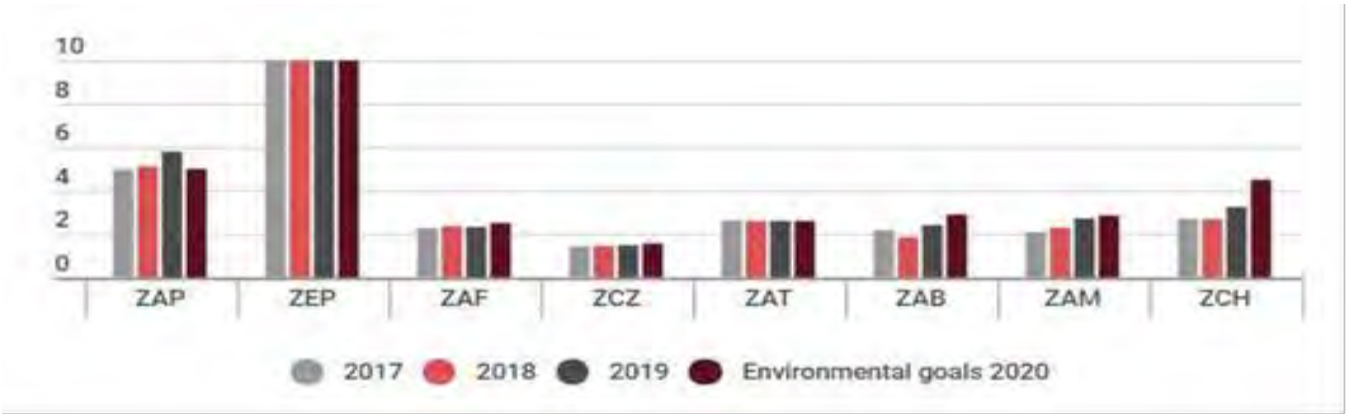
9.6. OUR RESOURCES CONSUMPTIONS

Our natural resources consumption, from December 2018, through December 2019, show:

- In ZCZ, we have achieved all the environmental targets decreasing all consumptions.
- In ZAB and ZAF we also have achieved all our targets.

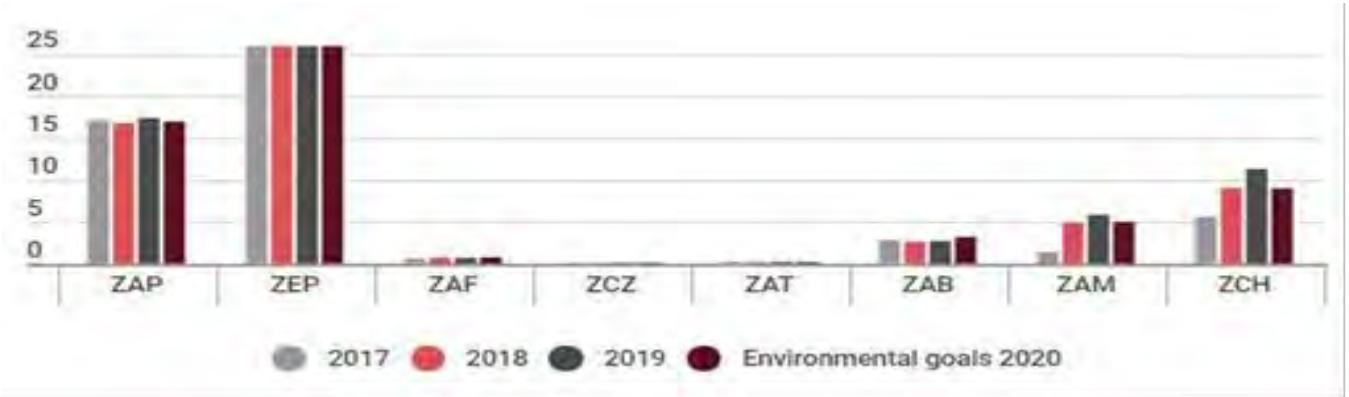


Electricity Consumption
(Kwh/kg)



ZCZ, we have managed to reduce our overall consumption, of electricity, fuel, water consumption, water disposal costs, cardboard consumption and chemical products’ consumption.

Water Consumption (l / kgt)

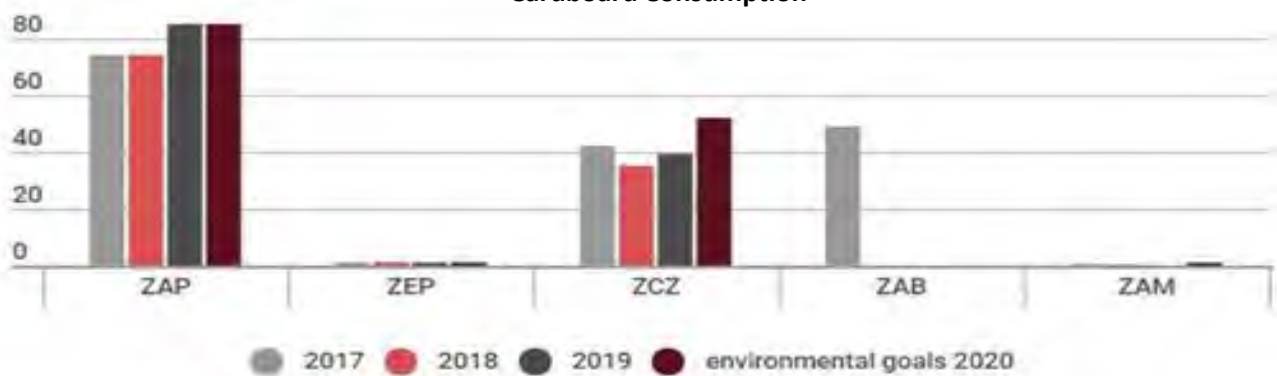




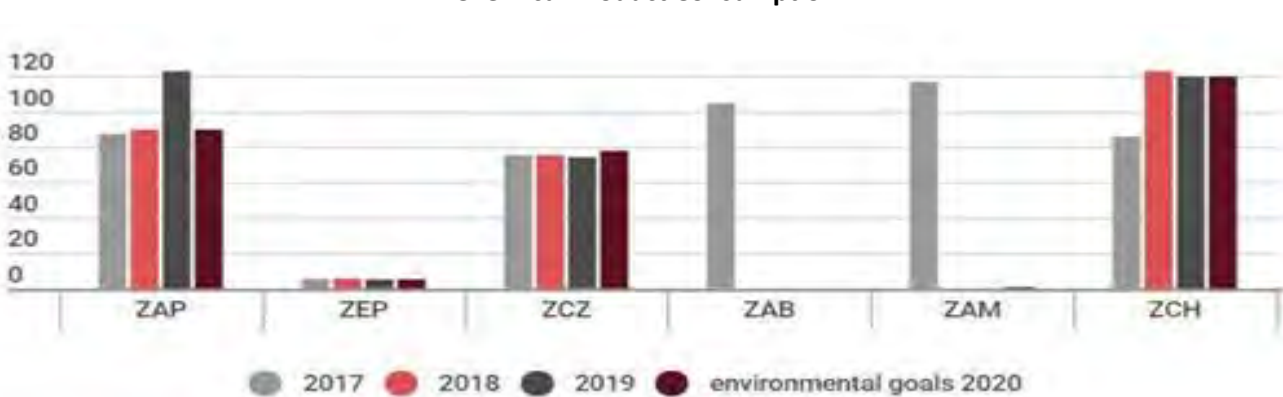
Waste Disposal cost

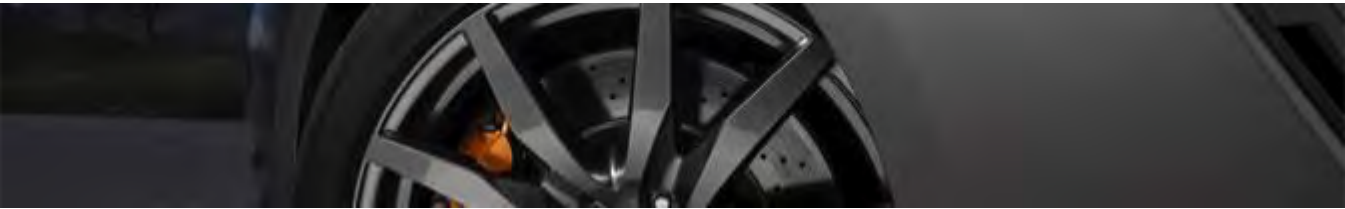


Cardboard Consumption



Chemical Product Consumption





ZAP			ZEP			ZAF			ZCZ		
Ac. Des / 17	Ac. Des / 18	Ac. Des / 19	Ac. Des / 17	Ac. Des / 18	Ac. Des / 19	Ac. Des / 17	Ac. Des / 18	Ac. Des / 19	Ac. Des / 17	Ac. Des / 18	Ac. Des / 19

OPERATIONAL INDICATORS												
Electricity Consumption * (Kw / kgt)	4,98	5,13	5,80	115,35*	*108,25	*121,1	2,27	2,36	2,32	1,43	1,45	1,49
Water Consumption (l / kgt)	17,13	16,80	17,40	165,7*	*156	*187,4	0,62	0,72	0,70	0,08	0,11	0,15
Waste Disposal Cost (€ G.Res. / € P.I.)	0,13%	0,13%	0,14%	0,15%	0,12%	0,13%	0,28%	0,24%	0,22%	0,00%	0,00%	0,27%
Cardboard Consumption (g. Cardboard / Kg. Materia prima)	74,10	74,10	108,00	1,17*	*1,21	*1,12	NA	NA	NA	42,19	35,11	39,24
Chemical Product Consumption (g. Chem. Prod. / Kg. materia prima)	87,50	90,00	135,00	5,55*	*5,71	*5,30	NA	NA	NA	75,57	75,59	74,37

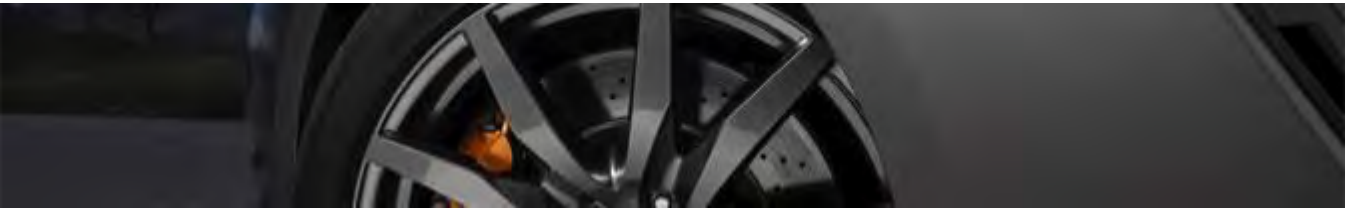
*/1.000 parts

ZAT			ZAB			ZAM			ZCH		
Ac. Des / 17	Ac. Des / 18	Ac. Des / 19	Ac. Des / 17	Ac. Des / 18	Ac. Des / 19	Ac. Des / 17	Ac. Des / 18	Ac. Des / 19	Ac. Des / 17	Ac. Des / 18	Ac. Des / 19

OPERATIONAL INDICATORS												
Electricity Consumption * (Kw / kgt)	2,62	2,60	2,60	2,17	2,90	2,41	2,08	2,29	2,73	2,70	2,68	3,24
Water Consumption (l / kgt)	0,26	0,22	0,22	2,81	3,50	2,71	1,37	4,90	5,84	5,60	9,05	11,33
Waste Disposal Cost (€ G.Res. / € P.I.)	0,21%	0,27%	0,27%	0,10%	0,12%	0,03%	0,07%	1,18%	0,07%	71888**	98772**	0,33%
Cardboard Consumption (g. Cardboard / Kg. Materia prima)	NA	NA	NA	51,40	0,05	0,02	670,00	0,42	0,11	123421***	338417***	16,00
Chemical Product Consumption (g. Chem. Prod. / Kg. materia prima)	NA	NA	NA	104,80	0,12	0,09	117,00	0,12	0,13	86,00	64,63	6,84

** €

*** parts



ENVIRONMENTAL GOALS 2019

	ZAP	ZEP	ZAF	ZCZ	ZAT	ZAB	ZAM	ZCH
OPERATIONAL INDICATORS (TARGETS 2020)								
Electricity Consumption (Kw / kgt)	5,00	120,00	2,50	1,56	2,60	2,90	2,85	4,50
Water Consumption (l / kgt)	17,00	180,00	0,75	0,15	0,20	3,20	5,00	9,00
Waste Disposal Cost (€ G.Res. / € P.I.)	0,12%	0,13%	0,24%	2,80%	0,27%	0,03%	0,85%	0,50%
Cardboard Consumption (g. Cardboard / Kg. Materia prima)	85,00	1,10	NA	52,00		0,04	1,00	11,30
Chemical Product Consumption (g. Chem. Prod. / Kg. materia prima)	100,00	5,30	NA	78,00		0,10	0,90	7,50

9.7. ENVIRONMENTAL TRAINING AND AWARENESS

Environmental awareness is a milestone in our day to day activity, and is always present in our meetings, and internal and external communications.

Awareness affects all company employees. The Corporate Quality & Environmental Manager and the Plant Managers set the actions, consisting of the distribution of documentation related to the environment, placarding, holding lectures and similar activities.

All our new staff receives basic environmental training, and all our employees receive periodical environmental updates.

ZANINI develops the necessary steps to meet the shortcomings of its staff related with environmental policies and processes and establishes necessary training programs and dates for which it must reach a certain level of knowledge.

The effectiveness of the training is checked regularly, allowing establish the corresponding improvement actions.

ZANINI believes it is essential to juggle the economical and social progress with nature and people protection to be able to enjoy of a healthy environment and an inhabitable planet according to the sustainability principles.

ZANINI’s activity, in many cases, is localized in the surrounding of natural spaces. In this sense, the environmental authorizations stablish several measures to reduce the risk of impact over the environment, as are the following:

- Correct waste management
- Effluent control (responsible use of water consumption. In this aspect, the respective centers of the society are subject to the local regulation of fluid waste.
- Other corrective measures

The application of the established measures in the own environment authorization, as well as the own internal policies in terms of environment, takes us to considerate that this risk is not significant.



9.8. CLIMATE CHANGE

The model, result of the pilot project started in the plant of ZANINI Épila, for the development of a global system to measure the **carbon print**, that the company's activities cause to the environment, is in a phase of study and validation, prior to its later implantation in the rest of ZANINI's sites.

We expect to conclude this validation phase before ending 2020, for later gradually implement this to the rest of the productive centers of the group.

10. COMMITMENT TO THE COMMUNITY

Aware that no company can thrive in a community that does not have a positive social development, since its founding in 1965 ZANINI's has focused in training and integrating disabled persons, and supporting employees who volunteer in different community services.

Our continuous improvement corporate strategy seeks to align our product innovation and technologic improvements, with our commitment with employees and business groups to solve community challenges.

Aware that our company cannot solve social challenges on its own, we want to make a step forward in our mission to improve community's day-to-day well-being, by making the necessary efforts to reach the direct contact with the community, employers and other social agents to identify necessary actions

and increase efficiency through partnerships with different organizations, identifying national and global trends and solutions.

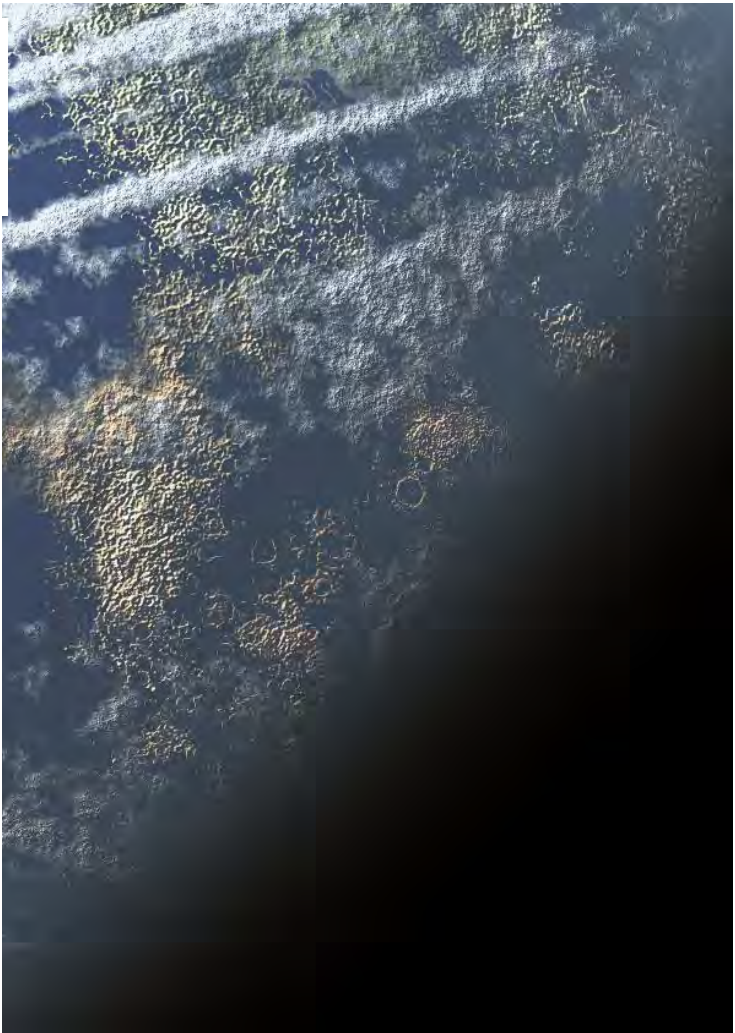
Social agents help us to maintain awareness of the emergent matters and to be able to respond in a responsible way. Therefore, it develops interaction plans and communicates with a wide variety of social agents at institutional, regional or domestic level, and intends to satisfy the expectations worldwide in global matters.

We have a long term relationship with a Charity organization in the USA, we collect food and toys for Christmas, at ZAG, to donate to different charity organizations, and at ZAT, we support local charities and we collaborate with local schools.



Our efforts to generate a positive impact on the society lead us to collaborate with several associations and organizations.

ZANINI contributes with 123.165€ annually through affiliation fees, subscriptions and donations to the following associations:





Empowering auto brands to lead

Automotive trim that takes style and function to the next level