

A photograph of three children running through a lush green field of tall grass or wheat. The child in the foreground is a boy with short brown hair, wearing a blue and orange plaid shirt, with his arms outstretched. Behind him are two other children, a girl and a boy, also running and smiling. The background shows rolling green hills under a clear sky.

# STRAIGHT TOWARDS THE FUTURE

2023 Sustainability Report

A decorative graphic in the bottom right corner consisting of several overlapping, stylized shapes in light blue, green, and orange, resembling abstract leaves or wings.





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# Letter to our stakeholders

(GRI 2-22)

The year 2023 marked a new milestone for the LCM Group: the largest turnover in our history, 143 million euro.

This achievement is not only economic, but also demonstrates how LCM has succeeded in addressing the risks, contradictions and fragilities of the global economic and productive system, with their impacts on the environment and communities: an imperative for change that we have all learnt to call 'sustainability'.

Being sustainable means adopting a mindset oriented toward the future and the generations to come, aware of our moral duty to them.

This is why we are committed to listening to the thoughts, plans, insecurities and desires that emerge from our stakeholders, within and outside the company, focusing on our unique characteristics to come up with effective responses for us, our customers and the communities to which we belong.

We have integrated ESG principles into our approach to risk analysis and management, process efficiency and data protection, putting people first.

We have grasped the value and expanded our awareness of the importance of smart working as a way of balancing technology with well-being. We have promoted plentiful training, asking ourselves with which future capabilities we will be able to compete and with which innovative services we will be able to sustain the added value of our business in the long run. We have fostered cooperation with the goal of setting up a sustainable supply chain. Lasting trust-based relationships with partners are, in fact, the only possible way to achieve supply chain sustainability. We are aware that actions minimising negative impacts on this front present complexities and generate resistance. We are striving to design innovative solutions over time, cultivating creative thinking and promoting responsible use of digital tools.

And the more the Group's network grows, the more incisive and credible our voice can become.

We continue on our path towards positioning ourselves in the market as a distribution company combining experience and reliability with social responsibility and sustainability, also thanks to stable governance and a coherent strategy.

Our goal is to ensure that our corporate culture at all levels is permeated with the SDG goals, making them a criterion for all our choices in everyday operations: starting with small habits and moving on to broader changes, with a positive impact on the community in which the company is rooted and on dialogue with international business partners, exploring new ways of optimising production.

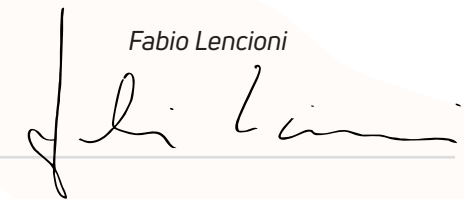
In order to concretely implement sustainability in our strategy and gain a prominent role in certified supply chains, we have come up with a multi-year plan. We also intend to seize the opportunity to pay attention to the stimuli and welcome the good practices of customers at the forefront of this process, discussing it with them and bringing our contribution to association spaces.

LCM views sustainability as a matter of innovating attitude: being open to change, with the conviction that things really can improve.

We hope you enjoy reading this report, and that sharing our goals and achievements in this document will make a positive contribution to the entire sector.

The Board of Directors

Fabio Lencioni





# Methodological note

(GRI 2-1/2/3/4/5)

In this document, L.C.M. Trading S.p.A. publishes its first Sustainability Report, covering the year 2023 (hereafter 'the Report'). In the name of transparency, the information it contains provides stakeholders with an accurate and comprehensive view of LCM's activities, strategies, business performance and achievements in its commitment to responsible and sustainable economic growth and business development, taking stakeholders' expectations into account and pursuing continuous improvement of the environmental and social impacts generated by its activities.

The report has been prepared with reference to the guidelines contained in the Global Reporting Initiative Sustainability Standards (GRI Standards), published in 2021 by the Global Reporting Initiative (GRI), an independent body establishing guidelines for non-financial reporting. Details of the indicators reported are given in the table "GRI Content Index".

This edition has undergone an external assurance process, and the letter of assurance may be viewed at the end of this document.

The Report presents the results for the year 2023 (1 January – 31 December 2023) in the economic, social and environmental spheres, as is the case of financial statements.

With the aim of ensuring the utmost reliability of the data and information reported in the Report, the inclusion of directly measurable quantities has been favoured and the use of estimates has been avoided as much as possible; where present, such estimates are based on the best available methodologies. The reporting scope of economic, environmental and social data and information refers to L.C.M. Trading S.p.A. and its subsidiaries L.C.M. Industriale S.R.L., Alpha Ingredients S.R.L., and LCM Genect S.R.L., hereinafter referred to as 'LCM' or 'the Group' or 'the LCM Group'.

Unlike the financial statements, the following companies are not included in the scope of the L.C.M. Sustainability Report: 'L.C.M. General Trading Middle East FZCO and L.C.M. North Africa and Middle East LLC'.

The figures in the Report are to be considered pertinent to the Group, except where specified.

In accordance with the principle of significance, or 'materiality', the contents of the report were defined by the company based on the results of a materiality assessment identifying the most significant impacts and issues for the company and its stakeholders.

LCM's 2023 Sustainability Report, published in August 2024, is available on the company's website under 'Sustainability'. For more information or comments on this document, requests may be sent to [clencioni@lcmtrading.it](mailto:clencioni@lcmtrading.it).





# The company

(GRI 2-28)

## LCM: a story of growth and stability

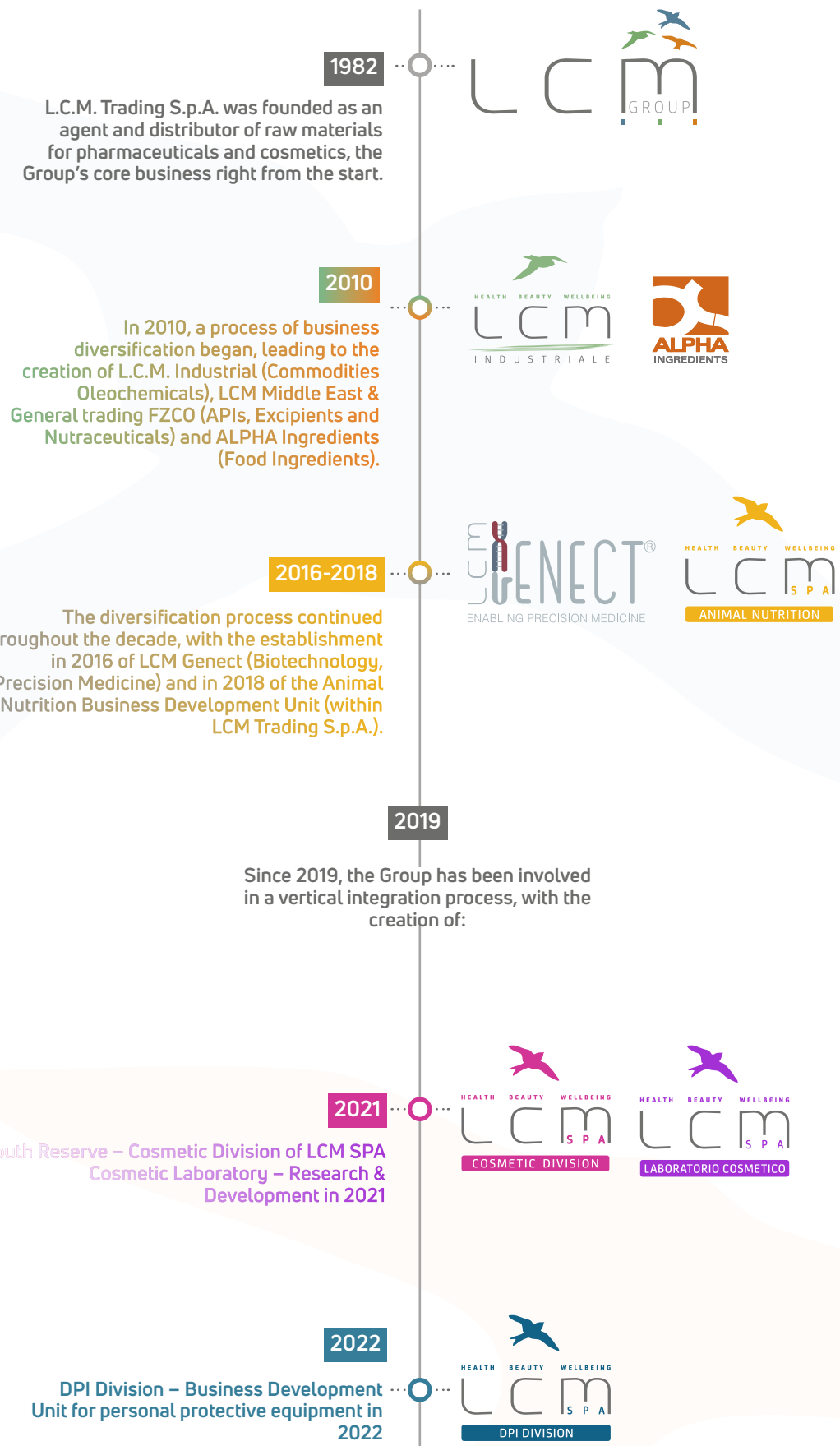
LCM was founded in 1982 on the initiative of Fabio Lencioni, drawing on the professional experience he had gained in another company operating in the same sector.

For over 40 years the LCM Group has been active in the international trade and distribution of raw materials for the pharmaceutical, cosmetic, nutraceutical and chemical industries. The Group is structured as a single entity offering customers a wide range of solutions. Unlike traditional intermediary relationships, contact between raw materials suppliers and client companies is based on the specific requirements of each individual project, thus providing a highly customised service.

The constant exchange of know-how between the LCM Group companies helps generate unprecedented added value for the customer, in the form of a single, solid partner for research, development and trade of APIs (Active Pharmaceutical Ingredients), as well as other raw materials.

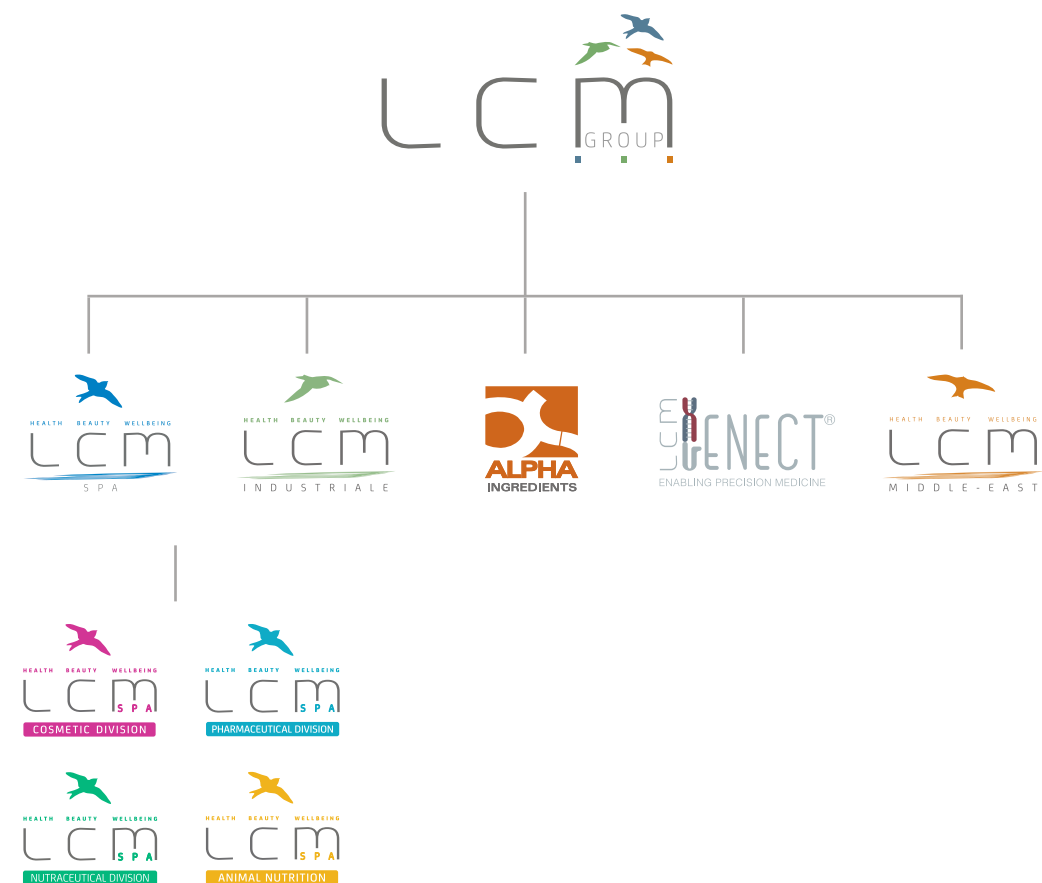
To further strengthen this collaborative approach, LCM has joined the most influential trade associations. It is a member of ASSICC – Associazione Italiana Commercio Chimico, a landmark in Italy's chemicals industry for more than 75 years represents companies operating in the trade as manufacturers and distributors of chemical products, distribution service providers and professionals. By proactively participating in the life of the association, the LCM Group gains strength on the marketplace, shares skills and experience, accesses best practices and guidelines for operating and competing in its industry, and receives constant updates.

The LCM Group is also a member of AICE – Associazione Italiana Commercio Estero, since 1946 Italy's only association representing the interests of companies concerned primarily with foreign trade, both import and export, or intending to expand their business beyond the country's borders. AICE helps companies find effective solutions for dealing with all aspects of the internationalisation process.





The LCM Group currently consists of:



LCM’s head office is located at 33 Via Mazzini in Sesto San Giovanni, Milan. During the reporting period, the Group also operated the following operating sites as shown in Table 1:

L.C.M. Trading S.p.A.	L.C.M. Industrial	Alpha Ingredients	LCM Genect
<b>Headquarters</b> at Via Mazzini 33, Sesto San Giovanni (MI) – own property	<b>Headquarters</b> at Via Mazzini 33, Sesto San Giovanni (MI) – own property	<b>Headquarters</b> at Via Mazzini 33, Sesto San Giovanni (MI) – own property	<b>Headquarters</b> at Via Mazzini 33, Sesto San Giovanni (MI) – own property
<b>Laboratory</b> at Via Caravaggio 19 Monza (MB) – rental	<b>Offices</b> at Via Falck 16, Sesto San Giovanni (MI) – rental	<b>Offices</b> at Via Falck 16, Sesto San Giovanni (MI) – rental	<b>Offices</b> at Via Falck 16, Sesto San Giovanni (MI) – rental
<b>Offices</b> at Via Martini Enrico 8, Crema (CR) – rental	<b>Offices</b> at Via Mazzini 33, Sesto San Giovanni (MI) – rental	<b>Offices</b> at Via Mazzini 33, Sesto San Giovanni (MI) – rental	<b>Offices</b> at Via Mazzini 33, Sesto San Giovanni (MI) – rental

Table 1 – L.C.M. Operational Sites Trading S.p.A.

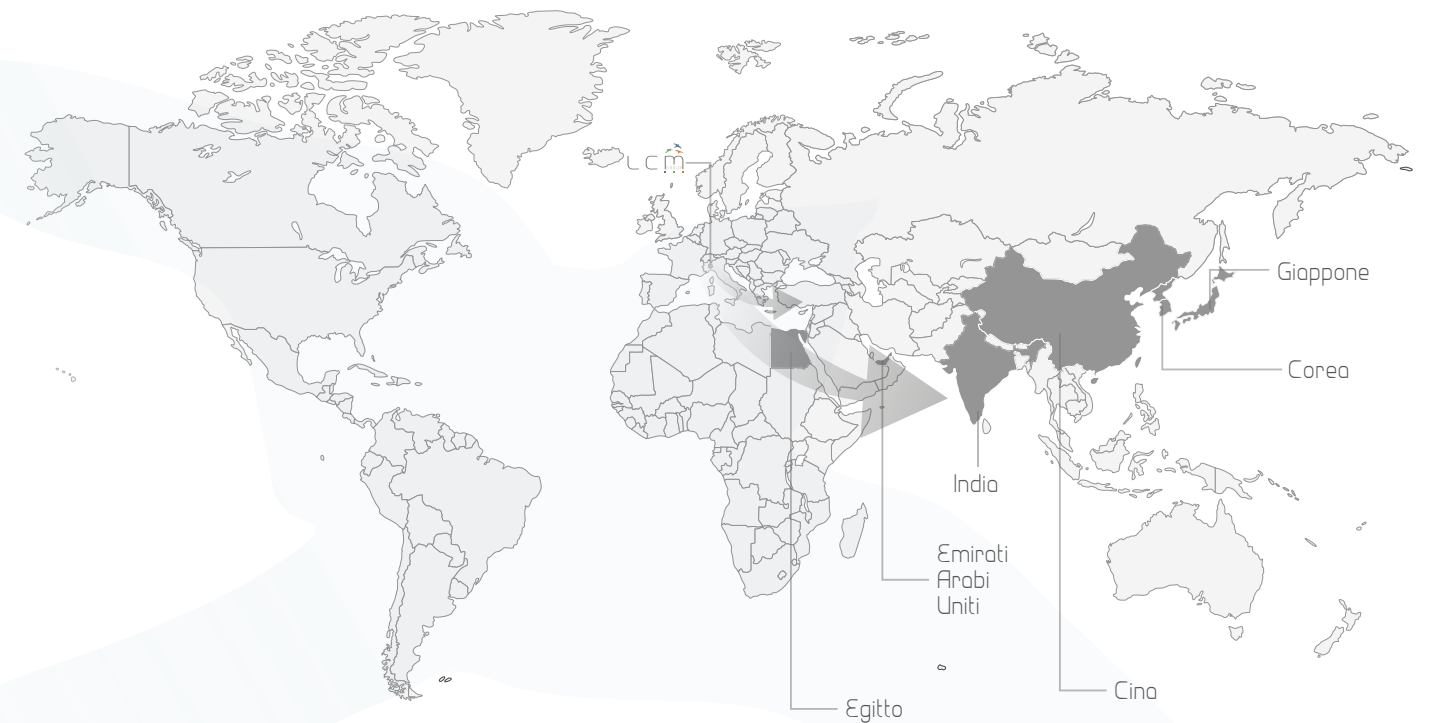


Figure 1 – LCM Group's geographical presence worldwide

LCM GROUP 2023 in Figures

42 employees	0 injuries	0 cases of discrimination
0 incidents of corruption	929 hours of non-compulsory training	3 community benefit projects
5 certifications of corporate compliance	0 cases of non-compliance/sanctions under laws and regulations	0 substantiated complaints concerning breaches of customer privacy and losses of customer data



## Services

(GRI 2-6, GRI 416-2)

*LCM Group. One partner. Infinite solutions.*

### LCM Group: raw materials for the sectors of the future

The LCM Group has more than 40 years of experience in the international trade and distribution of raw materials for the cosmetic, pharmaceutical, nutraceutical, chemical and food industries. Since 2016, it has also been distributing molecular diagnostic and pharmacogenetic tests in the field of precision medicine.

In addition to the value of representing a single point of contact for customers, the LCM Group develops tailor-made solutions thanks to a widespread network of proven suppliers, working in compliance with European GMP (Good Manufacturing Practice) and GDP (Good Distribution Practice) guidelines for product safety in the European Economic Area. In order to guarantee the high standards that distinguish LCM in the market, the network undergoes both periodic checks and project-specific audits.

The LCM Group cooperates with qualified manufacturers around the world, serving more than 500 customers. In addition to industrial raw materials, the company's constantly growing product portfolio includes a wide range of offerings for sectors of excellence such as nutraceuticals and nutrition. LCM has in fact also developed in-depth knowledge and expertise in the world of functional raw materials.

As a result of this constant commitment to quality and the resulting processes and measures, no non-conformities concerning the health and safety of products and services were noted during the reporting period.

LCM's Quality System detects and analyses customer complaints (RC) and non-conformities (NC) concerning delivered goods, whether they pertain to service aspects (delivery, packaging, etc.) or to product features that do not entirely meet all the required technical specifications.

Even beyond the reporting period, occurrences are less than 1% on average, which is a technically negligible figure in line with the characteristics of the sector.





# Materiality assessment

(GRI 2-29)

## An ongoing dialogue with stakeholders

In order to understand and manage stakeholders' needs and explore sustainability issues with them, LCM has initiated an ongoing dialogue with stakeholders aimed at ensuring mutual satisfaction of expectations

In 2023, the company activated a process of mapping its stakeholders, both internal and external, i.e. those operating along the value chain and those who are indirectly influenced by or interested in the company's activities. Stakeholder engagement was based on the methodology outlined in the Stakeholder Engagement Standard AA1000 (AA1000-SES), a framework for the design, implementation, quality assurance and communication of stakeholder engagement pathways.

In line with an approach in which human resources are viewed as indispensable stakeholders, LCM has set itself the goal of involving all employees in the next reporting exercise, following training of all staff in sustainability issues. In the current reporting cycle, one employee was involved in proxy mode.

*For the year 2023, LCM identified and involved these categories of stakeholders:*





# Impact analysis: the prerequisite for sustainability

(GRI 2-14, GRI 3-1/2/3)

Reporting is on material issues, focusing on the concept of impact and risk analysis. Material topics, as defined by the GRI Standards, are the aspects reflecting the organisation's most significant impacts on the economy, environment and people, including human rights. During 2023, LCM conducted materiality assessment in accordance with the requirements set out in internal procedures and standards (GRI 3 edition 2021).

The process involved four steps. In the first step, **understanding and analysis of the organisation's context**, LCM carried out an in-depth analysis of the context in which it operates, focusing on its activities (business model, type of services offered, markets served), the business relationships in which it is involved (customers, suppliers), the performance of this context with regard to ESG issues (social, environmental, economic issues), and the key internal and external stakeholders.

The second step involved **identification of potential and actual impacts**. Based on the results of the context analysis, LCM identified key ESG issues of interest to stakeholders, as well as the company's most significant impacts – current and potential, positive and negative – on the economy, environment and people, including human rights. Each impact identified was associated with one or more relevant issues.

The third step involved **assessment of the importance of impacts**. Significant issues were associated with the company's impact on them, and the results were submitted to both management and stakeholders for evaluation. In particular, the company's owners and the key categories of internal and external stakeholders identified above were directly involved in the evaluation process, bearing in mind the objective of extending involvement to all employees.

Stakeholder engagement took place through the completion of an evaluation questionnaire, in which the respondents were asked to assign each impact a priority for action on the part of the company: from 1 ('Not very significant') to 4 ('Very significant').

Finally, the process concluded with a fourth step, **impact prioritisation**. Assessment of impacts made it possible to prioritise each of them according to their importance, ordering them from most to least significant. After this, the company's owners assessed and approved the impacts, considering them all to be material and therefore including them all in the report.

Table 2 below lists the impacts and issues relevant to LCM and its stakeholders, from most significant to least significant.

2023 IMPACTS	MATERIAL TOPIC	ESG DIMENSION	TYPE OF IMPACT	IMPACT STATUS	IMPORTANCE OF IMPACT	SDGs
Positive impacts generated by a high degree of compliance in company management. (e.g. integrated quality management system, certifications held in the areas of pharmaceuticals, food safety, medical devices, GMP)	Corporate governance and sustainability	Governance	Positive	Current	3,76	
Positive impacts on employees' health and safety resulting from compliance with safety procedures and practices.	Health and safety	Social	Positive	Current	3,72	
Positive impacts resulting from the process of selecting and qualifying suppliers according to product and/or process quality criteria, such as Quality certifications held.	Supply chain sustainability	Supply chain	Positive	Current	3,64	 
Impacts on company performance due to the presence of good non-discriminatory practices (e.g. equal opportunities, diversity and inclusion)	Equal opportunities and non-discrimination	Social	Positive	Potential	3,44	 
Positive impacts generated by a focus on the professional development of its employees, in terms of both training (presence of planned training programmes based on training needs) and career development (performance review system and setting agreed targets)	Development of human capital	Social	Positive	Current	3,44	



2023 IMPACTS	MATERIAL TOPIC	ESG DIMENSION	TYPE OF IMPACT	IMPACT STATUS	IMPORTANCE OF IMPACT	SDGs
Positive impacts generated by a focus on the professional development of its employees, in terms of both training (presence of planned training programmes based on training needs) and career development (performance review system and setting agreed targets)	Development of human capital	Social	Positive	Current	3.44	
Positive impacts generated by welfare and measures promoting work-life balance, with implementation of specific policies and practices. (e.g. smart working policy, welfare plan, etc.).	Occupational well-being	Social	Positive	Current	3.32	
Impacts generated by digitisation enabling data effectiveness/security and quality of services offered by the LCM Group (e.g. ERP certification, quality system management software, computer tracks for data exchange, digital/online documentation)	Innovation and digitisation	Governance	Positive	Current	3.28	 
Impacts caused by failing to manage the supply chain according to sustainability criteria (e.g. failure to assess the social and environmental performance of the LCM Group's key suppliers)	Supply chain sustainability	Supply chain	Negative	Current	3.24	
Impacts generated by possible partnerships for sustainable innovation. (e.g. partnerships for product or service innovation introducing social or environmental added value)	Innovation and digitisation	Governance	Positive	Current	3.16	 
Negative impacts generated by lack of documentation on business ethics. (e.g. lack of a code of ethics addressing issues such as anti-corruption and, more generally, business conduct and sustainability)	Corporate governance and sustainability	Governance	Negative	Potential	3.16	
Positive impacts generated by responsible management of waste produced in office areas and dissemination of good environmental practices among employees (e.g. separate waste collection, reduction of waste production, reuse, etc.).	Waste	Environment	Positive	Current	3.12	 



2023 IMPACTS	MATERIAL TOPIC	ESG DIMENSION	TYPE OF IMPACT	IMPACT STATUS	IMPORTANCE OF IMPACT	SDGs
Positive impacts generated by the implementation of social initiatives for the benefit of the local community. (e.g. work experience for pupils in school, scholarships, participation in trade associations, projects in cooperation with cultural, sports and voluntary institutions/associations, donations of unused computer equipment, etc.).	Community relations	Social	Positive	Current	3.08	
Impacts generated by measuring and controlling the company's direct and indirect greenhouse gas emissions. (e.g. company vehicles, energy consumption, etc.).	Emissions and climate change	Environment	Positive	Potential	3.04	

Table 2 – List of the most material impacts and issues for LCM and its stakeholders

## The 2030 Agenda and the Sustainable Development Goals

The 2030 Agenda for Sustainable Development, a global initiative endorsed in 2015 by more than 150 countries, adopts an innovative approach compared to previous sustainability tools: in place of the past focus on the problems of developing areas, and on how developed economies can help them, it outlines an agenda of challenges common to all, according to a principle of universality.



In this document, the restitution of the LCM Group's sustainability commitment has been associated wherever possible with the corresponding SDGs, in order to give the reader a precise idea of the ESG (environmental, social and governance) path undertaken by the company.





# Governance, ethics and integrity

(GRI 2-9/10)

## Governance marked by stability and continuity

Continuity and stability are the values that have guided LCM's growth over the years and are reflected in the composition of its Board of Directors, which assumed its current configuration in 2010.

In the same spirit, management of subsidiary companies has evolved from an initial collaboration with the respective founding partners to their gradual disengagement, now reaching the goal of 100% control and co-ordination by LCM, ensuring optimisation at every stage in the development of its 'sister' companies, from start-up to mature SME.

LCM still assigns primary importance to protecting, safeguarding and developing the business over time. The Chair has in fact come up with a governance model that has proven to be efficient and effective over the years, with a view to ensuring solidity for the company and its employees.

LCM views generational turnover not merely as a change of hands, but as a transfer to the entire organisation of the know-how, vision, and everything constituting LCM's non-tangible value.

For this reason, Management also considers it strategic to cultivate a strong, competent and responsible first line of management, to whom it entrusts the management of product lines with wide-ranging autonomy and progressive delegation of operational activities to the respective employees. Over the past decade, an extensive training and evaluation system has been outlined to support a healthy diversification of the business, as well as solid employee growth.



The essential starting and finishing points remain the values in which the company sees itself reflected, going through the changes of development, with all its complexities and challenges: the cardinal principles of its Code of Ethics and Conduct, a 'beacon' that guides the process of selecting and evaluating resources.

A Group identity in which everyone can find themselves, be inspired, and find motivation and security, is the basis for sustaining the Group over time. In this sense, **LCM sees sustainability as a matter of investing time in thinking about the future**, people, the community and the environment.

It is no coincidence that the book dedicated to the company's history, produced to celebrate LCM's 40th anniversary, is entitled Domani (Tomorrow): it is made up of a series of stories from those who live the company and help build it every day. Forty years in 40 keywords, outlining LCM's landscape of values.

L.C.M. Trading S.p.A. (abbreviated as L.C.M. S.p.A.) is a joint-stock company concerned with the wholesale trade of industrial chemicals. Aware that it operates in a complex and sensitive industry, and must successfully meet the challenges of growth as a family-owned business, LCM has adopted a governance approach ensuring the best combination of effectiveness and efficiency with sound processes and controls.

The Governance Structure of L.C.M. S.p.A. consists of a four-member Board of Directors (BoD) and a Board of Statutory Auditors consisting of three full members and two alternates. Its subsidiaries have governance structures appropriate to their size and business models.

The Board of Auditors, which has been serving the company for more than 20 years, has been joined by an independent auditor since 2011. The tax consultant and accountant are also well-established figures who have been with the company for over 15 years.

For the names of the members serving on governance bodies during the reporting period, please refer to the infographic below.

## Governance of the parent company and its subsidiaries



### LCM Trading S.p.A.

#### Board of Directors: composed of four members:

Fabio Lencioni - *Chair*  
Lorenzo Lencioni - *CEO*  
Carlo Tagliabue - *CEO*  
Cecilia Lencioni - *Director*

#### Board of Statutory Auditors: consists of 3 members standing auditors and 2 alternates

#### Independent auditor: single

The other Group companies, wholly owned subsidiaries of LCM Trading S.p.A., have the following governance structures:



### L.C.M. Industriale SRL Sole Director

Fabio Lencioni  
*Sole Director*

Luigina Zocco  
*Single Statutory Auditor*



### Alpha Ingredients SRL Board of Directors

Lorenzo Lencioni  
*CEO*

Carlo Tagliabue  
*Director*

Luigina Zocco  
*Single Statutory Auditor*



### LCM Genect SRL Sole Director

Paolo Piazzalunga  
*Sole Director*



Of the four board members, three are men and one is a woman. One of the male members and the female member belong to the 30 to 50 age group, while the other two men belong to the over 50 age group, as shown in Table 3.

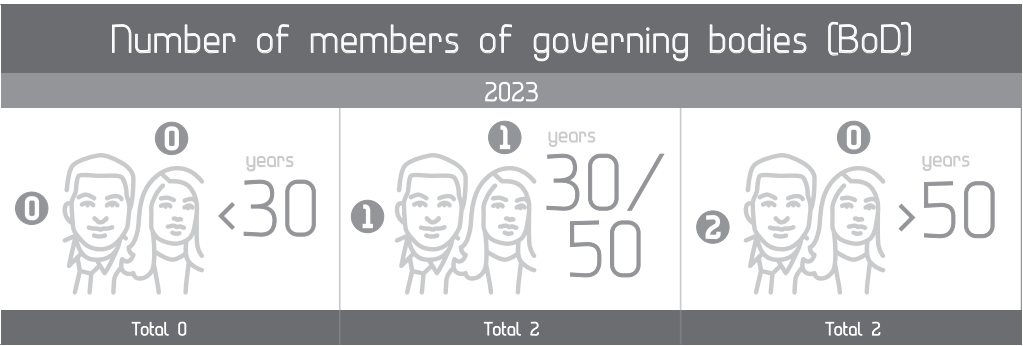


Table 3 – Number of members of governing bodies by gender and age group

LCM’s corporate structure also includes the Quality & Compliance division, which ensures the correct operation of all LCM group companies and their divisions. Thanks also to the presence of this department concerned with regulatory issues, i.e. with in-depth knowledge of the regulations governing each sector of interest to LCM – pharmaceutical, cosmetic, nutraceutical, chemical, food, molecular diagnostics – each company in the Group ensures the compliance required to operate safely in the international trade of raw materials.

### The key role of the Board of Directors in promoting sustainability

The Board of Directors held two important meetings in the year 2023 focusing on sustainability issues: an opportunity to discuss key points from the environmental, social and governance (ESG) training held during the year.

During the meetings, LCM’s degree of maturity with regard to sustainability was analysed, and the drivers and objectives of integrating sustainability issues into the corporate strategy were defined.

Training has been a central element in the development of sustainability within the company. During the year, non-compulsory sustainability paths were followed, first undertaken by two board members:

This initiative demonstrates the Council’s commitment to staying up-to-date and proactive on these crucial issues.

The Board’s involvement in the formation and discussion of sustainability issues was crucial in defining the next steps to be taken. This top-down approach – complementary to the goal of involving all employees – made it possible to identify areas for improvement and set clear objectives for promoting the principles of sustainability in corporate culture.

Within this framework, the Sustainability Report highlights the importance LCM attaches to supporting sustainable practices and the related training, as a significant step towards creating a more responsible business model.





## Our Values and Code of Ethics

(GRI 2-23/27, GRI 205-3, GRI 206-1; GRI 406-1)

Since its foundation, LCM has operated according to solid values that stem from its origin as a family business and that, over time, have been extended to the companies it has established. As the Group grew in size and structure, it felt the need to formally express these values in a document that would not only meet regulatory obligations, but also testify to the company's commitment to protecting them and pass them on, sharing them explicitly and transparently with all its stakeholders.

To this end, both LCM S.p.A. and its subsidiaries have a code of conduct expressing the principles of fairness and consistency that distinguish them, inspiring and requiring internal and external collaborators to adopt them in their actions. The aim is to establish a shared culture combining the best business results with strict compliance with the ethical principles and good practices of the sectors in which the Group's companies operate.

In the Code of Ethics, LCM defines the rights, duties and responsibilities of all those with whom it interacts to achieve its business objectives. Every employee is expected to follow this behavioural and operational guide every day and integrate into their professional background.

In addition to contributing to cohesion between all employees and collaborators, the Code is intended to make them more aware and, within the scope of their functions and responsibilities, oriented towards pursuing the company's objectives in a fair and correct manner.



### *Principles underlying the Code of Ethics*

In addition to the law, regulations and good practices, the Code is inspired by those principles that have always constituted the company's philosophy:

- **Stimulating environment**, fostering entrepreneurship and initiative
- **Vision**, i.e. the ability to adapt quickly to market requirements, seizing opportunities and anticipating future needs, always in compliance with the law
- **Sense of belonging**, inspiring the ability to motivate people in their respective corporate roles, enhancing their individual capabilities
- **Continuous training of personnel**, aimed at creating, even within an SME, a satisfactory career path inspired by ethical-moral principles and legality
- **The ability to pass on company values to 'successors'**, as a key to the continuity of the company through the inclusion of young talents alongside those who, on the strength of their experience within the Group, can impart technical professionalism and company values

The Code also pays particular attention to providing rules of conduct in line with anti-corruption legislation.

Again with a view to adopting the best reference practices, LCM has therefore decided to adopt the Confindustria Code of Ethics with regard to the applicable rules of conduct and system of sanctions. Following this integration, the document was renamed the Code of Ethics and Conduct.

LCM undertakes to disseminate the Code and the principles contained therein (legality, honesty, trust, transparency, impartiality and independence, professionalism and competence) among all persons directly or indirectly concerned, and to announce any updates or changes thereto.

The current version of the Code of Ethics was drafted at the end of the reporting year. It will be approved on 1 January 2024 and is publicly available on the company's website.

For further details, please refer to the complete Code of Ethics on the specific page of the company's website (link: [CODE OF ETHICS AND CONDUCT OF LCM GROUP – LCM group – Playing a special role in Trading \(lcm-group.it\)](https://www.lcm-group.it/playing-a-special-role-in-trading))

Confirming the efficacy of the measures adopted, there were no lawsuits concerning corporate corruption or episodes of discrimination during the year reported on here.

In addition, during the reporting year, there were no incidents, no proceedings or legal actions initiated against the company or its subsidiaries regarding anti-competitive behaviour and violations of antitrust and anti-monopoly laws in which the organisation was allegedly involved. No incidents of non-compliance with regulations or self-regulatory codes were detected, nor were any fines or non-monetary penalties recorded.

Among its goals for 2024, LCM intends to adopt a whistleblowing channel in line with Legislative Decree No. 24/2023, implementing European Directive 2019/1937.



# Corporate compliance: a value as well as a commitment

Aware that it operates in a highly sensitive sector in which the quality of products and services is an essential prerequisite, LCM is oriented toward the pursuit of excellence in every sphere of its operations.

The process of continuous improvement is demonstrated by the certifications the Group holds and its commitment to operate according to Good Manufacturing Practices (GMP) and Good Distribution Practices (GDP).

In detail, ISO 9001:2015 certification attests to LCM’s commitment to quality across the board, while adherence to the ISO 13485:2016 standard certifies the attention dedicated to the quality of medical devices. L.C.M. Trading S.p.A. was also the first Italian trading company to be authorised by AIFA (Agenzia Italiana del Farmaco) to import 35 APIs (active pharmaceutical ingredients) in line with the ICH Q7 guide and Directive 2001/83/EC – Dir.62/2011/EC. AIFA issued LCM with GMP (Good Manufacturing Practice/Good Manufacturing Practice) certification guaranteeing compliance with the European guidelines for drug quality in the European Economic Area. Finally, FAMI-QS and BIO-CCPB certifications respectively cover feed quality and the production and labelling of organic products.

Table 4 below details the certifications held by the LCM Group.

CERTIFICATION/ REFERENCE SCHEME	DESCRIPTION	COVERAGE
AIFA and GMP	Imports in line with ICH Q7 and Directive 2001/83/EC – Dir.62/2011/EC, and GMP certification. Compliance with these guidelines guarantees the pharmaceutical quality of medicines, which in turn is a prerequisite for defining a medicine as safe and effective.	L.C.M. Trading S.p.A.
ISO 9001:2015	International Standard for Quality Management Systems. Defines the requirements for creating, implementing and managing a quality management system in any type of organisation. The main goal is to ensure customer satisfaction and improve business efficiency.	All sites
ISO 13485:2016	Certification for medical device management. An international standard establishing the requirements for quality management systems specifically intended for the medical device industry.	LCM Genect S.r.l.
FAMI-QS	Feed safety management system, incorporating Good Manufacturing Practices (GMP), including measures for preventing fraud and defending animal feed in accordance with FAMI-QS Feed Fraud Prevention and Defence Version 1.	L.C.M. Trading S.p.A.
BIO – CCPB	Certificate pursuant to Article 35(1) of Regulation (EU) 2018/848 on production and labelling of organic products	Alpha Ingredients S.r.l.

Table 4 – LCM certifications

The certifications held by LCM may be consulted on the company’s website at the following link: [quality compliance – LCM group – Playing a special role in Trading \(lcm-group.co.uk\)](#).

# The economic aspects of accountability

(GRI 201-1)

Economic performance is key to pursuing business sustainability and continuity: it enables investment in innovation, service development and human resources and ensures growth and competitiveness. A positive performance can also attract investors and lenders, bringing additional financial stability. This is why LCM underpins its sustainability with the economic resilience needed to pursue other ESG objectives as well: if a company is not financially sound, it will not be able to implement sustainable projects or take actions that have a positive impact on the environment and society.

Underpinning this economic strength are operational activities. The parent company operates directly in two sectors, both of which concern personal care: products for health, and for personal care and beauty.

In this context, in 2023 LCM S.p.A. continued its path of increasing turnover, which grew at a rate of about 10%, and financial consolidation. In the reporting year, the path of diversification in parallel to the company’s core business slowed down, though with a limited impact on economic results.



### The performance of LCM's target markets

The main markets in which the company operates – health and cosmetics – showed different trends during the year: the health sector saw a return to pre-pandemic levels in the consumption of medications, parapharmaceuticals and supplements. Healthcare, both public and private, was once again concerned with all pathologies, consolidating the recovery already revealed in 2022.

In turn, the Italian cosmetics industry saw a full recovery in social and recreational activities, but paid the price of high inflation in 2023 and the sharp rise in interest rates in the western world. Consumption of luxury goods fell, with shrinkage of demand on both the domestic and foreign markets, affecting exporting subcontractors, the Group's main outlet in this sector. This meant that the positive performance of 2022 was not repeated in 2023. The decrease in turnover in the cosmetics sector therefore negatively affected overall profitability.

As far as subsidiaries are concerned, the food sector in which Alpha Ingredients S.r.l. operates stagnated, with demand adversely affected by the drop in household purchasing power and logistical problems with an impact on commodity prices.

On the other hand, the trend in the industrial manufactured goods sector, to which the chemical raw materials distributed by LCM Industriale S.r.l. refer, was entirely negative. This sector has suffered from the overall negative trend in global economies: high inflation, cost of money, weak demand, logistical difficulties, and a worsening geopolitical situation have prevented the market from continuing its post-Covid recovery, with declines in sales and profits even by large international manufacturers.

The case of LCM Genect is different, however. The diagnostics market continues to grow, however difficult it may be for small companies to penetrate. Following the disappearance of demand for Covid diagnostic tests, and the difficulty of achieving sufficiently positive results in the area of molecular diagnostics applied to oncology, the company decided to change its product portfolio to include Point of Care Tests (POCT), which appear to be better suited to the company's structure and resources. POCT are analyses performed near or at the patient's point of treatment or care, so that the result is available immediately, or within a short period of time.





The company has no noteworthy bad debts from customers, and enjoys a good financial balance thanks to the prudent capitalisation policy pursued for many years. The year reported saw an increase in fixed costs of about 10%, due to higher labour costs for the same number of employees, marketing costs for participation in international trade fairs to increase visibility, and costs incurred for digitisation

Overall, 2023 saw an increase in the Group's consolidated turnover: compared to the previous year, LCM's economic growth in the reporting year was EUR 8,021,515, attributed to the parent company L.C.M. S.p.A. and LCM Industriale S.r.l.

With the sole exception of LCM Genect Srl, all other companies closed their accounts with a profit.

In 2023, revenues totalled EUR 136,210,511, compared to EUR 128,188,996 in the previous year. Furthermore, the economic value distributed increased by about 6% in 2023 compared to the previous year, as shown in Table 5.

The economic value generated represents economic wealth produced during the year by the LCM Group. The analysis of economic value distributed provides an assessment of the economic and social impact generated, measuring the wealth produced for the benefit of all stakeholders. Economic value retained is the difference between economic value generated and distributed.

Euro	2023	2022
Direct economic value generated: revenues	136,210,511	128,188,996
Economic value distributed to:		
- Operating costs	125,429,116	117,270,074
- Employees' salaries and benefits	3,896,917	3,943,853
- Capital providers	0	500,000
- Public authorities	1,782,093	2,145,266
- Investments in the community	14,785	33,032
<b>Economic value distributed</b>	<b>131,122,912</b>	<b>123,892,225</b>
<b>Economic value retained</b>	<b>5,087,599</b>	<b>4,296,771</b>

Table 5– Direct economic value generated

Direct economic value generated for each company (year 2023)				
Company	Direct economic value generated: revenues	% of total Direct economic value generated: revenues	Economic value distributed	% of total economic value distributed
L.C.M. Trading S.P.A.	64,606,935	47.43%	61,389,812	46.82%
L.C.M. Industriale SRL	49,020,719	35.99%	47,342,729	36.11%
Alpha Ingredients Srl	22,176,035	16.28%	21,300,518	16.24%
LCM Genect SRL	406,822	0.30%	1,089,852	0.83%
<b>Total</b>	<b>136,210,511</b>	<b>100.00%</b>	<b>131,122,912</b>	<b>100.00%</b>

Table 6 – Direct economic value generated for each company (year 2023)

% direct economic value generated:  
revenues year 2023



Chart 1 – % Direct economic value generated for the year 2023, broken down by Group company

For more information on financial performance in the year 2023, please refer to the LCM Annual Report approved on 28 June 2024.



# The supply chain: a partnership based on trust

(GRI 2-6, GRI 204-1)

The topic of sustainable supply chain management is particularly significant for LCM, considering that its business activity not only takes place both in Italy and abroad, but involves a large amount of imports, mainly from the Far East.

Aware of the significance of these aspects for a company that intends to operate responsibly, in 2024 LCM intends to start also assessing suppliers on the basis of ESG criteria, in addition to gradually implementing the calculation of Scope 3 emissions, that is, indirect emissions generated by the supply chain (refer to the chapter of this Report on emissions).

Measuring Scope 3 emissions appears critical for LCM and its stakeholders: the supply chain is very extensive worldwide, and relies on suppliers and manufacturers in locations as far away as Southeast Asia, China, Korea, Taiwan, India, Japan and others. LCM therefore considers it of paramount importance to include ESG criteria beginning in the phase of supplier evaluation and selection: the aim is to achieve broader and more effective monitoring of environmental, social and human rights issues.

The LCM Group's international network of raw material suppliers undergoes regular strict audits to assess work on individual projects, through audits at production sites and by sending suppliers self-assessment questionnaires about quality and verification of their certifications. All this makes it possible to maintain the high quality standard that characterises the companies in the LCM Group.

As mentioned above, due to the commercial nature of its activities, LCM relies heavily on supranational supply chains. Approximately 14% of the total procurement budget for the reporting period of EUR 121,655,220 was allocated to local suppliers<sup>1</sup>.

<sup>1</sup> The LCM Group attributes the term "local" to all suppliers in Italy, including goods suppliers in Italy and all expenses for services appearing in the financial statements.





# Our People, our biggest capital.

(GRI 2-7/8/30)

LCM attaches great importance to interpersonal relations in order to create a motivating environment, promote a sense of belonging and encourage lifelong learning: the aim is to ensure continuity in the company by passing on the company's values to future generations. LCM also promotes a corporate culture based on mutual respect and fairness. It takes into account the specific needs of employees and intervenes to improve labour relations. As of 31 December 2023, the company's total workforce included 42 employees and three non-employees. All LCM employees are covered by national collective bargaining agreements for the Commerce sector.

Non-employees include one student, employed under a school work experience programme and assigned to the administration office; two consultants: one acting as external CFO and the other as external Communication and Marketing Manager. The total number of employees is broken down as described in Table 7 and Chart 2 in the companies included in the scope of the report. Specifically:

TOTAL EMPLOYEES	NUMBER
Alpha Ingredients S.R.L.	4
LCM Genect S.R.L.	2
L.C.M. Industrial S.R.L	6
L.C.M. Trading S.p.A.	30
<b>Total</b>	<b>42</b>

Table 7 – Total number of LCM employees by company

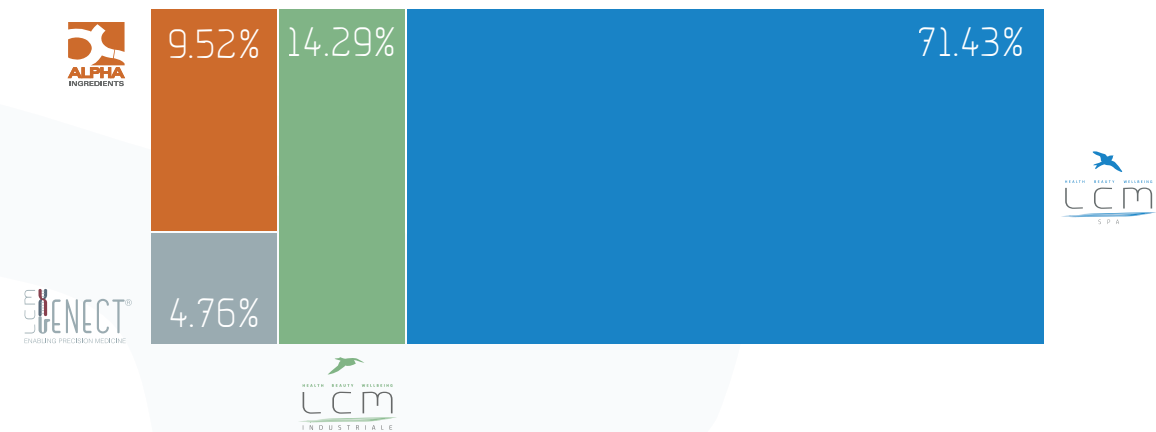


Chart 2 – Distribution of employees by group company year 2023

Of the total of 42 employees, 17 are men and 25 are women, achieving a satisfactory gender balance among employees, as shown in Chart 3.



Chart 3 – Gender breakdown of Group employees year 2023

Confirming the importance LCM attaches to the creation of solid and lasting working relationships, 95 percent of all employees are on permanent contracts. Breaking down employees into full-time and part-time employment, 32 employees work under a full-time contract, including 18 women and 14 men, while 10 employees work under a part-time contract, 7 women and 3 men, as shown in Table 8.

Number of employees by type of employment 2023			
	Men	Women	Total
Full time	14	18	32
Part time	3	7	10
<b>Total</b>	<b>17</b>	<b>25</b>	<b>42</b>

Table 9 – no. of employees by type of employment





Table 9 shows LCM employees broken down by gender, age group and type of employment. With regard to age, there is a prevalence of the 30-50 and over-50 age groups, mainly due to the skills required by the job positions in question

Age groups									
2023	<30			30 - 50			>50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Junior managers	0	0	0	1	1	2	4	2	6
White-collar workers	0	2	2	10	11	20	2	9	11
Blue-collar workers	0	0	0	0	0	0	0	0	0
Total	0	2	2	11	12	23	6	11	17

Tabella 10 – no. of employees by type of employment



## Turnover

(GRI 401-1)

### New employee hires and turnover

As can be seen in the tables below (Tables 10, 11 and 12), 2 new people were hired in 2023, while 8 people left the company: an entry rate of about 4%, compared to an exit rate of about 17%. Table 13 shows the overall turnover rate, which stands at around 22%.

The year 2023 shows a higher rate than the Group's historical turnover, historically not even a double-digit figure, due to mobility in the subsidiary LCM Genect and in the Animal Nutrition division of L.C.M. SPA

In the case of the molecular diagnostics company, the personnel who joined the company during the COVID years, when the company marketed a large number of tests for detecting the virus, left the company at the end of the pandemic, preferring more productive and/or more established companies on the market. Similarly, but with the opposite effect, the pandemic and the resulting difficulties had a negative impact on the start-up of the Group's new animal feed division.

	New employee hires			Employees leaving the company			Total		
	2023			2023			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	0	0	0	0	0	0	-	0.00%	0.00%
30-50	0	0	0	4	3	7	33.33%	22.22%	27.45%
>50	2	0	2	1	0	1	54.55%	0.00%	18.18%
<b>Total</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>40.00%</b>	<b>11.32%</b>	<b>22.73%</b>

Table 11 – Total number of new hires and employees leaving the company, and breakdown of employee turnover by gender and age group (year 2023)

	Calculation	Value
<b>Total</b>	((entries+exits)/average headcount during the year)*100	<b>22.73%</b>
<b>Positive turnover</b>	(incoming employees during the year/employees at the beginning of the year)*100	<b>4.26%</b>
<b>Negative turnover</b>	(employees leaving the company during the year/employees at the beginning of the year)*100	<b>17.02%</b>

Table 12 – Overall turnover in LCM employees by gender and age group, Total

		LCM Trading SpA	LCM Genect Srl	Alpha Ingredients Srl	LCM Industriale Srl
<b>Total</b>	(entries+exits)/average headcount during the year)*100	15.38%	54.55%	0.00%	40.00%
<b>Positive turnover</b>	(incoming employees during the year/employees at the beginning of the year)*100	0.00%	16.67%	0.00%	20.00%
<b>Negative turnover</b>	(employees leaving the company during the year/employees at the beginning of the year)*100	14.29%	33.33%	0.00%	20.00%

Table 13 – Overall turnover in LCM employees, broken down by gender, age group and company

## Training

(GRI 404-1)

LCM recognises the talent and knowledge of each individual as a major factor in business growth, as well as a means of upcycling the individual and his or her aspirations. Consequently, it attaches great importance to the development of employees' individual competencies.

This is demonstrated by the quantitative aspect, with a total of 929 hours dedicated to employee training in 2023 (Table 13), an average of more than 22 hours per person (Table 14). This is also reflected in the qualitative aspect, with LCM providing numerous non-compulsory training courses, also focusing on ESG issues, and downstream meetings as a further opportunity to discuss key aspects.

Combined with the progressive involvement of employees as internal stakeholders, the top-down approach adopted by the company demonstrates its proactive commitment to sustainability issues, ensuring the most efficient and effective transmission and implementation of sustainable practices.



LCM’s training offering was broad and diverse in the course of the year 2023, with training courses touching on several topics, including, for example:

- Sustainability
- Soft skills
- Audits
- Corporate accounting and finance
- Supply chain
- Health and safety
- GMP/GDP/GMPD
- Business ethics/governance
- ECM credit courses

For more details on training courses, please refer to ‘Annex 1 – Training Tables’.

	2023			2022		
Tot. training hours	Men	Women	Total	Men	Women	Total
Junior managers	52	52	104	81	79	160
White-collar workers	251	574	825	266	559	825
Total	303	626	929	347	638	985

Table 14 – Total training hours

	2023		
Average hours of training per employee	Men	Women	Total
Junior managers	10.4	17.3	13.0
White-collar workers	20.9	26.1	24.3
Total	17.8	25.0	22.1

Table 15 – Average hours of training per employee





# Periodic performance review with a view to professional development

(GRI 404-3)

The LCM Group periodically (annually) evaluates employee performance in order to monitor and maintain the skills of its employees and identify any training requirements and areas for improvement.

The evaluation of employees' performance is based on the five core values mentioned in the Code of Ethics and involves monitoring, approximately every three months, in the form of personal encounters between the evaluated and the evaluator.

The criteria are based on technical skills, ability to work in a team, problem solving, analytical skills and proactivity. Training and objectives are also evaluated.

In the 2022-2023 two-year period, 100% of the employees underwent a company performance evaluation (Table 15).

Total no. of employees receiving regular performance and career development reviews	2023			2022		
	Men	Women	Total	Men	Women	Total
Junior managers	5	3	8	7	3	10
White-collar workers	12	22	33	14	25	39
Total	17	25	42	21	28	49

Table 15 – total no. of employees receiving regular performance and career development reviews

# Equal opportunities and non-discrimination, an ongoing commitment

(GRI 401-3, 405-1, 406-1)

Equality and fairness are indispensable values for the LCM Group. The Group is committed to promoting them both within the company and outside the work environment, so that they guide people's behaviour in all spheres. LCM rejects all forms of discrimination or harassment and is actively committed to preventing them, ensuring that no one is discriminated against on the basis of factors such as age, gender, nationality, political opinions, religious beliefs, health status, sexual orientation or any other personal characteristic.

Confirming the LCM Group's commitment in this area, no incidents of discrimination occurred in 2023.

## Focus on people: corporate welfare and well-being

People's well-being is at the heart of the LCM Group's policies for employees. LCM has in fact developed a number of Group-wide policies and practices that contribute to the creation of a healthy working environment protecting the physical and mental well-being of employees, facilitating work-life balance.

In detail, a Welfare Plan for all employees was introduced in 2023, based on the use of a dedicated platform, an extension of which has been confirmed for 2024. The platform provides access to training courses as well as services contributing to employees' work-life balance. Services include English courses, which can also be attended by immediate family members, as well as other personal services such as travel and wellness treatments.

## Smartworking

LCM Group management is committed to improving work-life balance with flexible working hours and other measures.

The Group introduced a Smart Working Policy and signed an individual agreement with employees. The company has also paid plenty of attention to the creation of favourable conditions for agile working, providing adequate devices ensuring the proper performance of work from home: printers and an Internet line were provided for each employee requiring them.



In addition to smart working, the company has also introduced flexibility working hours, allowing employees to start the working day between 8 and 9 a.m. and work up to 7 p.m.. Employees who have a company car are also allowed to use it for personal use. A professional insurance policy covers the risk of travel and use of company equipment.

## Health and safety

(GRI 403-1/2/3/4/5/6/7/8/9/10)

LCM considers the principle of worker protection as a primary value: all employees, collaborators or consultants of the Group, whose physical and moral integrity is considered a primary value, are guaranteed working conditions respecting individual dignity, in a safe, healthy working environment.

This commitment is also reflected in the figures: in 2023, LCM recorded no accidents in the workplace; as for accidents suffered on the way to work, one employee suffered a collision on the way to LCM Trading S.p.A., which did not however result in hospitalisation.

More generally, all the LCM Group's activities are based on respect for internationally recognised human rights: the company is committed to strict compliance with all laws and regulations on the protection of labour and against irregular forms of work.

The company therefore considers full and complete compliance with occupational health and safety regulations to be of paramount interest. To this end, it actively pursues a management system based on training and prevention of accidents at work and for workers' safety and hygiene, assisted by a specialised external consulting company (external prevention and protection service manager).

The company carries out a thorough assessment of all environmental, safety and health risks in the workplace, and constantly monitors them. The Group assesses safety, health and hygiene levels with regard to risks involved in the management of travel to customers and suppliers, work-related stress and other risks associated with industrial activities. These risks are analysed, among others, in the DVR (Risk Assessment Documents) and DUVRI (Single Document for the Assessment of Interfering Risks) drawn up by LCM for both the parent company and subsidiaries, in accordance with Legislative Decree 81/2008.

Aware of their responsibilities and competences, the corporate bodies of Group companies, as well as the individual heads of functions, make their decision-making choices in compliance with the supervisory and management obligations required by their assigned tasks. They are committed to making decisions and taking risks based on sound and prudent management, ensuring the efficient, economical use of resources in compliance with the law and internal regulations, as well as the correct use of risk control procedures. Risk Assessment Documents include a job description listing the responsibilities and key competences involved in each position.

With a view to total quality and ongoing improvement, LCM undertakes to pay due attention and, where possible and appropriate, to follow up on the suggestions or requests of its employees, encouraging motivated participation in the company's activities also in terms of health and safety.

As mentioned in the welfare chapter, LCM also offers occupational accident policies for employees, covering risks for those travelling for work purposes and risks related to the use of company equipment.

The risk assessment document focuses on the protection of pregnant workers, for whom there is a specific company procedure available for consultation by all personnel.

LCM also offers its employees, managers and directors a range of insurance policies, some of which are automatically provided, while others are optional:

- Occupational accident policy
- Non-occupational accident policy
- Coverage of medical expenses for travel in Europe and all over the world
- Managers' and executives' legal protection policy
- Occupational and non-occupational accident policy for directors.



# We care about the community

(GRI 413-1)

In view of the international nature of its business, in order to ensure the widest possible scope and the greatest possible positive impact on local communities, LCM has adopted an approach whereby social initiatives are framed at the Group-wide level, with management delegated to LCM S.p.A. for the benefit of the local community.

In terms of support for study and research, LCM collaborates with several universities for laboratory studies on raw materials (University of Milan, University of Naples) and promotes pathways for transversal skills and orientation (PCTO) paths with schools in Sesto San Giovanni, fostering the integration of high school students into the world of work. It also donated to local schools a number of computers and other items of IT equipment which have been replaced.

Activities benefiting the community in general include LCM's regular contributions to the Amici di Marco, an association operating in Africa – particularly Eritrea – with a mission focusing on financing work on infrastructure such as schools and oratories, water purification and hygiene in general, and providing of food, materials and machinery.

In sports, LCM regularly sponsors the Genoa water polo team Sporting Club Quinto. Other initiatives will be developed over the next three years as per the Group's strategic sustainability plan. These include scholarships for deserving students in scientific disciplines and possible partnerships in art and science projects to enhance the pedagogical dimension of cultural heritage.

Activities		
%	2023	2022
Percentage of social activities with local community engagement, impact assessments, and/or development programmes	67%	50%

Table 16 – Percentage of operations with local community engagement, impact assessments, and/or development programmes

## Sustainable innovation and digitisation, a winning combination

The LCM Group has an application laboratory in Monza. Through its internal study and research work, it develops more sustainable formulations for its customers' products. This not only permits progress in sustainability, but responds to customer trends and growth opportunities.

Research work includes an important project that has led to the sale of hospital uniforms made out of polyester with zinc oxide fused into the weave of the fabric, which has antiviral properties, instead of cotton. The uniforms withstand up to 90 washes at low temperature and do not need ironing, thus increasing garment lifespan compared to common disposable uniforms and those with a maximum of 50 washes, saving energy and resources.

Data represents a company's wealth, but data are not exploited and analysed correctly, they lose their value and usefulness. LCM has historically had an aptitude for use of increasingly effective digital tools to monitor results, and opportunities; the transition to a sustainable business model presupposes a system of data science and reporting equally oriented towards ESG criteria.

Software has been selected that also supports a forecast-oriented mindset as the key to success for both financial and sustainability forecasting.

In 2023, for example, the Group-wide Doc Finance programme was installed, offering treasury, trade credit management and customer rating solutions integrated with ERP and banking systems.





Maintaining AIFA authorisation to operate in the pharmaceutical supply chain also requires third-party validation of the ERP installed, for the purposes of secure data management, storage, unchangeability and traceability. These audits represent an additional safeguard for LCM S.p.A., and consequently for all Group companies adopting the same programme. Numerous targets in the area of digitisation are also planned for 2024. In detail, two modules will be activated in the Trackwise Digital programme (Document Management System and Training Management System), software in which the Group has invested for IT management of its quality system through EQMS – Electronic Quality Management.

As a further investment in business monitoring, LCM plans to implement a business intelligence programme (Power BI Pro) fully integrated with the programmes in use and functional to the work of the sales department and management.

In the years to come, LCM plans to migrate from the current Microsoft Dynamics NAV to the updated Microsoft ERP version, Dynamics365 (Business Central).



# The Environment: everyone's responsibility

The LCM Group has placed environmental protection at the heart of its principles of ethical business conduct (see Article 24 of the Code of Ethics and Conduct). The organisation is developing its internal awareness of and sensitivity to environmental issues with the aim of minimising the direct and indirect impact of its operations. As the Group's core business is the marketing of products, the company's operations do not in any case have a major direct environmental impact.

This awareness is driving LCM to make choices and investments in the direction of environmental sustainability. The main areas in which the organisation intends to take action are the supply of energy from renewable sources only, the conversion of the company fleet to vehicles with a lesser environmental impact, and short-term implementation of Scope 3 emissions reporting.

In 2023, the organisation delegated two board members to research the topic of sustainability, also through business school studies and reading of the latest cutting-edge texts. In the first half of 2024, Divisional Managers were provided with targeted training in Scope 3 emissions, and in the second half of 2024, 'basic' Sustainability training was provided to all company staff.

LCM also invites all collaborators to adopt virtuous behaviour reducing consumption and waste, also involving external collaborators and sharing with them a handbook with virtuous habits.

In addition, digitisation (see above) and lean management of processes continues, avoiding the use of paper/physical materials in inter-functional processes and day-to-day operations as much as possible.

Another significant commitment is the selection of trade fair and exhibition set-up companies committed to the re-use of materials and the selection of components with a low environmental impact. A sign of how, in the near future, experience and commitment to ESG objectives will become increasingly significant among the criteria for selecting business partners.

In the field of biodiversity, though not directly involved as an implementer, LCM has decided to initiate several partnerships in studies researching raw materials such as herbal extracts with public universities.

## A key point: energy management

The forms of energy used are electricity and natural gas the company's premises, as well as diesel and petrol for automobiles.

Electricity consumption figures represent consumption in the company's premises. The aim is to increase the use of renewable energy sources as much as possible through the purchase of guarantees of origin: a number of the electricity supply contracts had already been revised before the end of 2023, and, for the sites in Via Caravaggio in Monza and Via G. Mazzini 33 in Sesto San Giovanni, a contract has already been signed for procurement of electricity from renewable sources only.

For more than 15 years, LCM has also been making use of energy produced by photovoltaic panels installed on the roof of its headquarters.

LCM plans to remodel the type of company vehicles used for business trips to customers and suppliers for commercial purposes, increasing the percentage of hybrid and electric cars. The company's automobile fleet currently consists of 24 vehicles, of which four are owned and 20 leased.

Their emissions, attributable to fuel consumption, correspond to 84.46 tonnes of CO<sub>2</sub>.

In the year 2024 one diesel car was replaced with a hybrid vehicle, and a full electric car was rented, bringing the fleet up to 10% full electric and the same percentage of hybrid vehicles, installing two charging stations at headquarters.

With the aim of making travel more sustainable for both business trips and employee commuting, LCM intends to continue replacing its fleet at a rate of 20% per year over the three-year period 2024-2026.

It also plans to consult a travel agency and local contacts in order to select accommodation facilities with a good sustainability rating.

Finally, LCM intends to make season tickets for public transport, electric bicycles and possibly an electric car sharing service available to its staff as environmentally friendly benefits.



## Energy consumed in the year 2023

Energy consumption within the organisation	U.M.	2023
Ref. GRI 302-1		
<b>Consumption from non-renewable energy sources</b>	<b>GJ</b>	<b>2576.35</b>
Electricity purchased*	GJ	192.98
Petrol**	GJ	524.77
Diesel	GJ	996.56
Natural gas***	GJ	862.03
<b>Consumption from renewable energy sources</b>	<b>GJ</b>	<b>76.11</b>
<b>Total electricity consumed</b>	<b>GJ</b>	<b>2652.46</b>

Notes:

\* Consumption at the leased data bridge location in Via Mazzini 33 has been estimated, as it is included in the leases. Estimate based on the average consumption of the other locations, according to the number of square metres.

\*\* Includes consumption of the hybrid vehicle.

\*\*\* The natural gas consumption for the premises at Via Falck 16 in Milan and Via Mazzini 19 in Milan has been estimated on the average consumption of the other premises and according to the number of square metres.

Table 16 – Energy consumption within the organisation

# The commitment to fighting emissions

Greenhouse gas (GHG) emissions are divided into direct and indirect and are measured and reported in two different scopes, called 'Scopes'. Direct emissions (Scope 1) are those generated from sources controlled or owned by an organisation. These include, for example, emissions produced by fuels from stationary source (boilers), emissions from owned vehicles, or emissions of hydrofluorocarbons (HFCs) from refrigeration and air conditioning systems. In this area, LCM did not record any leaks that could have generated emissions in 2023.

Indirect emissions (Scope 2) arise from the generation of electricity purchased or from heating, cooling or steam used by the organisation.

Emissions are generally calculated according to two methods: the first, referred to as location-based, reports the average greenhouse gas emission intensity of the networks in which consumption occurs, using its average value as a reference. The market-based method, on the other hand, requires the organisation responsible for emissions from electricity to establish consumption in advance according to a contractual form. These emissions are included in any type of agreement between the parties regarding the sale and purchase of energy, such as guarantee certificates attesting to the renewable origin of the sources used.

Emission factors include any type of agreement between the parties regarding the sale and purchase of energy, such as guarantee certificates attesting to the renewable origin of the sources used. The calculation also includes the use of the residual mix if the intensity of emissions is not contractually specified.

Direct greenhouse gas (GHG) emissions resulting from fuel combustion are accounted for in this report. Indirect GHG emissions, on the other hand, are the result of the purchase of electricity. Direct emissions from fuel combustion account for 82.44% of the total.



For the year 2023, LCM has chosen to voluntarily report the emissions which are already concretely measurable and directly manageable, while considering it an added value to plan and begin measuring Scope 3 emissions at 'regulated speed', planning to start data collection in 2024-2025.

This approach, based on the participation of all the corporate functions involved, will enable the organisation to lay the foundations for well-structured data collection and make everyone aware of how important their contribution is both in the collection of data and daily reduction of impact.

Table of LCM GHG emissions (year 2023)

GHG emissions	U.M.	
GRI 305-1/2		2023
Total market-based GHG emissions (Scope 1, Scope 2)	tCO2	159.84
Total location-based GHG emissions (Scope 1, Scope 2)	tCO2	146.51
Direct (Scope 1) GHG emissions	tCO2	133.01
Indirect (Scope 2) GHG emissions from energy consumption – market-based	tCO2	26.83
Indirect (Scope 2) GHG emissions from energy consumption – location-based	tCO2	13.51

Table 17 – GHG emissions

Total Scope 1 emissions per company (year 2023)

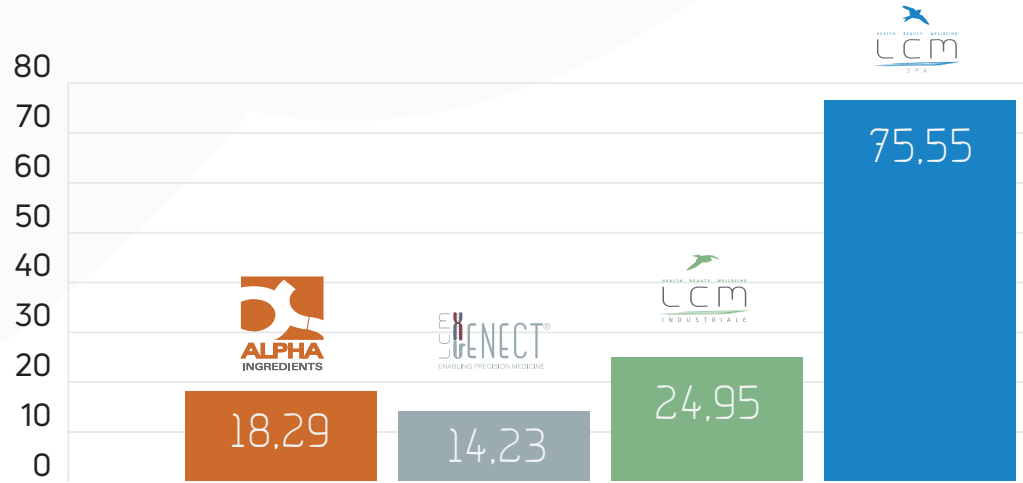


Chart 4 – Total Scope 1 emissions per company (year 2023)

Total Scope 1 emissions per company  
per company (year 2023)

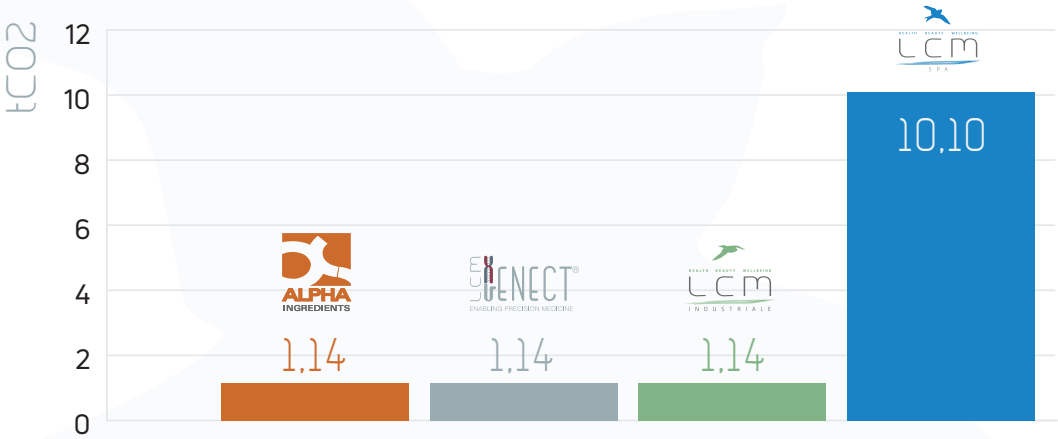


Chart 5 – Total Scope 1 emissions per company (year 2023)

Total location-based Scope 2 emissions  
per company (year 2023)

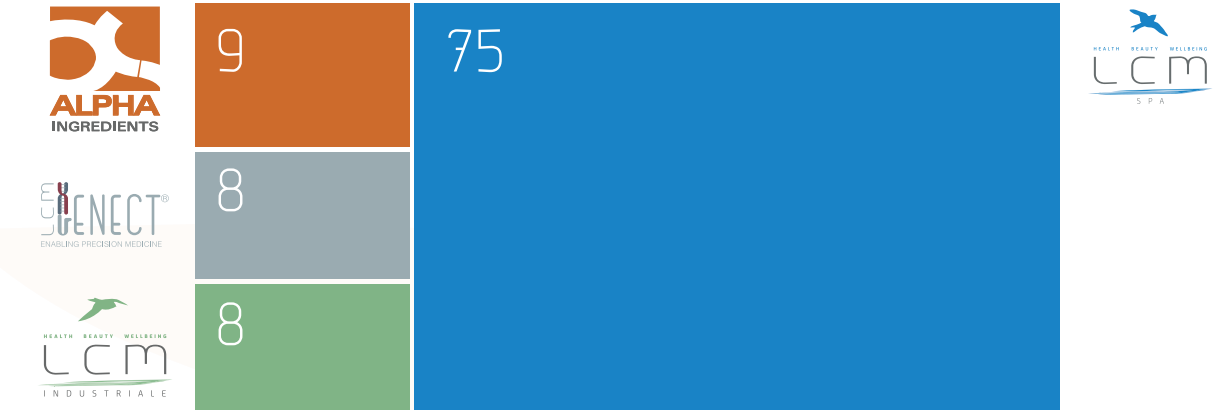


Chart 6 – Total location-based Scope 2 emissions per company (year 2023)



Emission factors

Source	Factor	Unit of measurement	Bibliographic source
Natural gas	2.03839031	kg CO2e/m3	Greenhouse gas reporting: conversion factors 2023
Diesel	0.169826449	kg CO2e/km	Greenhouse gas reporting: conversion factors 2023, average car
Petrol	0.163908534	kg CO2e/km	Greenhouse gas reporting: conversion factors 2023, average car
Hybrid	0.118978588	kg CO2e/km	Greenhouse gas reporting: conversion factors 2023, average car
Location-based electricity	0.252	Kg CO2e/kWh	EEA 2023
Market-based electricity	0.50057	Kg CO2e/kWh	AIB, 2023

Tabella 18 – Fattori di emissione

Commitment to proper waste management

(GRI 306-1/2/3)

Proper waste management does not present significant complexities for LCM and, for this reason, the topic has been treated as low materiality. As there is no production taking place, management is limited to proper organisation of waste collection in offices and common areas. No hazardous waste is generated; the only type of waste requiring attention is used printer toner cartridges, the collection and proper disposal of which is included in the contract with the rental company. LCM generated zero waste in 2023.

In terms of the goods traded, waste falls into several categories: packages that may have been damaged during transport or storage, raw materials that have expired, or batches that do not conform to the specifications of the supply contract. In these marginal cases, disposal is entrusted to specialised companies, in collaboration with the Group’s logistics partners, who, on the instructions of the divisions involved, arrange in advance to move materials that cannot be sold to dedicated areas and prepare loads for the incinerator, separated according to CER, physical state and other aspects required by regulations. LCM reduces the amount of goods wasted by monitoring product shelf-life, testing material specifications through pre-batch sampling, and periodic audits of logistics companies to verify the level of services offered.

Annex 1



# Annex 1

## Training tables

COURSE/WEBINAR	DESCRIPTION
Training programme according to the dictates of <b>CSRD</b> – Corporate Social Responsibility Directive	<p>We envisage expanding the content of sustainability reporting in the dedicated disclosure which the company intends to produce voluntarily in 2024 (Refer to ESRS 1/General Requirements and ESRS 2/General Information)</p> <p>This includes: <i>the description of the role and experience of administrative, management and supervisory bodies in relation to sustainability issues and the relevant skills and competences or access of these bodies to these skills and competences. (ESRS G1/Governance)</i></p>
<b>SDA Bocconi course</b>	<i>Creating value with sustainability: how to turn environmental and social issues into growth opportunities</i>
<b>Aice Webinar</b>	<i>Sustainability: A new business paradigm, between regulations, strategies and benefits</i>
<b>Finlombarda Webinar – Open Innovation Programme: cycle of seminars dedicated to sustainability and innovation</b>	Integration of ESG criteria in SMEs, Energy efficiency in SMEs, from self-diagnosis to financial facilities, ESG criteria as a tool for supply chain sustainability
<b>InFinance Webinar</b>	<i>How to create value for businesses with sustainable finance</i>
<b>SDA Bocconi course</b>	<i>Sustainability Reporting: Measuring, managing and communicating ESG performance</i>

Table 19 – Training Courses and Webinars attended by the BoD

THEME	COURSE DETAILS
<b>SUSTAINABILITY</b>	<ul style="list-style-type: none"> <li>Assessing and communicating the sustainability of your company and supply chain: Synesgy and Esg – View, together for a Sustainable Network</li> </ul>
<b>SOFT SKILLS</b>	<ul style="list-style-type: none"> <li>How and why we always end up saying yes: persuasive language</li> <li>I listen, therefore I understand: how to improve listening skills and attentiveness in relationships</li> <li>Feedback and reverse feedback: emotions and strategy for achieving results</li> <li>Listening in order to mediate: turning diversity into a resource</li> </ul>
<b>AUDITING</b>	<ul style="list-style-type: none"> <li>Audit trails for IT systems: practical approach and problem-solving</li> <li>The perfect audit: from planning to execution</li> <li>Internal audits</li> <li>Auditor: 10 tips for the perfect audit</li> </ul>
<b>CORPORATE ACCOUNTING and FINANCE</b>	<ul style="list-style-type: none"> <li>Import rules and the summary statement for accounting purposes</li> <li>Management control</li> <li>Cost analysis, reporting</li> <li>Overdraft management, balancing net financial position, balancing balances, analysis and forecasting statements</li> </ul>
<b>SUPPLY CHAIN</b>	<ul style="list-style-type: none"> <li>Supply chain logistics and customs</li> <li>Effective criteria for selecting, qualifying and monitoring suppliers in food companies</li> </ul>
<b>HEALTH AND SAFETY</b>	<ul style="list-style-type: none"> <li>Fire Fighters' Level 2 activities</li> <li>Workers' Safety Representative professional development</li> <li>First aid</li> </ul>
<b>GMP/GDP/GMPD</b>	<ul style="list-style-type: none"> <li>Digital and electronic signature</li> <li>Feed Fraud Prevention and Defence</li> <li>Food supplements and novel foods: Regulatory development and emerging issues</li> </ul>



THEME	COURSE DETAILS
ETICA DEL BUSINESS/ GOVERNANCE	<ul style="list-style-type: none"> <li>WEEE Management: Obligations and Opportunities for Retailers – Extended Producer Responsibility – New developments in the national waste registry and environmental declarations</li> <li>Customs inspections and disputes for agri-food companies: preparing to defend yourself</li> <li>Old and new chemical contaminants: legislation, management, technical aspects in the light of recent controls and the new EU Reg. 2023/915</li> <li>New CLP hazard classes and impacts on companies</li> </ul>
ECM CREDIT COURSES	<ul style="list-style-type: none"> <li>Herpes Zoster, HPV and Pneumococcus: new strategies for treatment and prevention</li> <li>Recognition and reconciliation of drug therapy</li> <li>Monitoring of the taking of medication among patients with type II diabetes and screening</li> <li>"Monitoring of the taking of medication among patients with high blood pressure</li> <li>Telemedicine services: ECG</li> <li>Front-Office services – electronic health record service: activation, consultation and enrichment</li> <li>Telemedicine services: Cardiac Holter</li> <li>Monitoring of the taking of medication among chronic obstructive pulmonary disease patients</li> <li>Telemedicine services: monitoring blood pressure in the clinic</li> <li>Support for faecal occult blood screening</li> <li>Telemedicine services: auto-spirometry</li> <li>Herpes zoster, hpv, pneumococcus: new strategies for treatment and prevention</li> </ul>

Table 20 – List of non-compulsory training courses 2023

## Index of GRI content

Statement of use	LCM Trading S.p.A. has reported according to GRI standards (with reference) for the reporting period from 1 January 2023 to 31 December 2023.	
GRI 1 used	GRI 1: Foundation 2021	
Applicable GRI sector standards	N/A	
GRI STANDARD	DISCLOSURE	POSITION
GRI 2: General disclosures 2021	2-1 Organisational details	Methodological note
	2-2 Entities included in the organisation's sustainability reporting	Methodological note
	2-3 Reporting period, frequency and contact point	Methodological note
	2-4 Review of information	Methodological note
	2-5 External assurance	Methodological Note – Letter of Assurance
	2-6 Activities, value chain and other business relationships	Services – The supply chain: a partnership based on trust
	2-7 Employees	Our people, our biggest capital
	2-8 Workers who are not employees	Our people, our biggest capital
	2-9 Governance structure and composition	Governance marked by solidity and continuity
	2-10 Nomination and selection of the highest governance body	Governance marked by solidity and continuity
	2-11 Chair of the highest governance body	Governance marked by solidity and continuity
	2-12 Role of the highest governance body in overseeing the management of impacts	NA
	2-13 Delegation of responsibility for managing impacts	NA
	2-14 Role of the highest governance body in sustainability reporting	NA
	2-15 Conflicts of interest	NA
	2-16 Communication of critical concerns	NA
	2-17 Collective awareness of the highest governance body	NA
	2-18 Evaluation of the performance of the highest governance body	NA
	2-19 Remuneration Rules	NA
	2-20 Process to determine remuneration	NA
	2-21 Total remuneration ratio	NA
	2-22 Statement on sustainable development strategy	Letter to our stakeholders
	2-23 Policy commitments	NA
	2-24 Embedding policy commitments	NA
	2-25 Processes to remediate negative impacts	NA
	2-26 Mechanisms for seeking advice and raising concerns	NA
	2-27 Compliance with laws and regulations	Our values and Code of Ethics
	2-28 Membership in associations	The company
	2-29 Approach to stakeholder engagement	Materiality assessment
	2-30 Collective bargaining agreements	Our people, our biggest capital



GRI STANDARD	DISCLOSURE	POSITION
GRI 3: Material topics 2021	3-1 Process of determining material topics	Materiality assessment
	3-2 List of material topics	Materiality assessment
	3-3 Management of material topics	Materiality assessment
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	The economic aspects of accountability
	201-2 Financial implications and other risks and opportunities resulting from climate change	NA
	201-3 Obligations Concerning Defined Benefit and Other Pension Plans	NA
	201-4 Financial assistance received from government	NA
GRI 202: Market Presence 2016	202-1 Ratio of standard basic wages by gender to the local minimum wage	NA
	202-2 Percentage of senior management recruited from the local community	NA
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	NA
	203-2 Significant indirect economic impacts	NA
GRI 204: Procurement practices 2016	204-1 Proportion of expenditure on local suppliers	The supply chain: a partnership based on trust
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	NA
	205-2 Communication and training about anti-corruption policies and procedures	NA
	205-3 Confirmed incidents of corruption and actions taken	Our values and Code of Ethics
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Our values and Code of Ethics
GRI 207: Taxes 2019	207-1 Approach to tax	NA
	207-2 Tax governance, control, and risk management	NA
	207-3 Stakeholder engagement and management of concerns related to tax	NA
	207-4 Country-by-country reporting	NA
GRI 301: Materials 2016	301-1 Materials used by weight or volume	NA
	301-2 Recycled input materials used	NA
	301-3 Reclaimed products and their packaging materials	NA
GRI 302: Energy 2016	302- 1 Energy consumption within the organisation	A key point: energy management
	302-2 Energy consumption outside of the organisation	NA
	302-3 Energy intensity	NA
	302-4 Reduction of energy consumption	NA
	302-5 Reduction of the energy requirements of products and services	NA

GRI STANDARD	DISCLOSURE	POSITION
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	NA
	303-2 Management of water discharge-related impacts	NA
	303-3 Water withdrawal	NA
	303-4 Water discharge	NA
	303-5 Water consumption	NA
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NA
	304-2 Significant impacts of activities, products, and services on biodiversity	NA
	304-3 Habitats protected or restored	NA
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	NA
GRI 305: Emissions 2016	305-1 Direct (Scope 1) greenhouse gas (GHG) emissions	A key point: energy management
	305- 2 Indirect (Scope 2) greenhouse gas (GHG) emissions from energy consumption	A key point: energy management
	305-3 Other indirect (Scope 3) greenhouse gas (GHG) emissions	NA
	305-4 Intensity of greenhouse gas (GHG) emissions	NA
	305-5 Reduction of greenhouse gas (GHG) emissions	NA
	305-6 Emissions of ozone-depleting substances (ODS)	NA
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	NA
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Commitment to proper waste management
	306-2 Management of significant waste-related impacts	Commitment to proper waste management
	306-3 Waste generated	Commitment to proper waste management
	306-4 Waste diverted from disposal	NA
	306-5 Waste directed to disposal	NA
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	NA
	308-2 Negative environmental impacts in the supply chain and actions taken	NA
GRI 401: Employment 2016	401-1 New employee hires and turnover	New employee hires and turnover
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	NA
	401-3 Parental leave	NA
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	NA



GRI STANDARD	DISCLOSURE	POSITION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Health and safety
	403-2 Hazard identification, risk assessment and incident investigation	Health and safety
	403-3 Occupational health services	Health and safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and safety
	403-5 Worker training on occupational health and safety	Health and safety
	403-6 Promotion of worker health	Health and safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety
	403-8 Workers covered by an occupational health and safety management system	Health and safety
	403-9 Work-related injuries	Health and safety
	403-10 Work-related ill health	Health and safety
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training
	404-2 Programmes for upgrading employee skills and transition assistance programmes	NA
	404-3 Percentage of employees receiving regular performance and career development reviews	Periodic performance appraisal with a view to professional development
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governance bodies and employees	Governance, ethics and integrity
	405-2 Ratio of basic salary and remuneration of women to men	NA
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Our values and Code of Ethics
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	NA
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	NA
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	NA
GRI 410: Security practices 2016	410-1 Security personnel trained in human rights policies or procedures	NA
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	NA
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programmes	We care about the community
	413-2 Operations with significant actual and potential negative impacts on local communities	NA

GRI STANDARD	DISCLOSURE	POSITION
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	NA
	414-2 Negative social impacts in the supply chain and action taken	NA
GRI 415: Public Policy 2016	415-1 Political contributions	NA
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	NA
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	LCM Group: raw materials for the sectors of the future
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	NA
	417-2 Incidents of non-compliance concerning product and service information and labelling	NA
	417-3 Incidents of non-compliance concerning marketing communications	NA
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	LCM: a story of growth and stability





# Assurance Statement

SGS CTR S.r.l. (hereinafter “SGS”) has been tasked by the management of LCM Trading S.p.A. (hereinafter “LCM” or “Organization”) to perform an independent assurance of the organization’s 2023 Sustainability Report (Report), in accordance with the “Global Reporting Initiative Sustainability Reporting Standards” defined by GRI - Global Reporting Initiative (hereinafter the “GRI Standards”) in 2021.

Our responsibility in conducting the work commissioned from LCM, in accordance with the term of reference agreed upon with the Organization, is solely towards the management of LCM.

This Independent Assurance Statement is intended solely for the information and use of LCM’s stakeholders and is not intended to be and should not be used by anyone other than this specified parties.

## RESPONSIBILITY OF THE DIRECTORS FOR THE SUSTAINABILITY REPORT

LCM’s Directors is responsible to develop the Sustainability Report in compliance with the “GRI Standards” guidelines, to define the sustainability objectives in relation to the organization’s sustainability performance and to reporting the results obtained.

## INDEPENDENCE OF THE AUDITORS AND QUALITY CONTROL

SGS CTR S.r.l. declares its independence from LCM and maintains that there is no conflict of interest with the Organisation, the companies it controls or the Interested Parties.

SGS CTR S.r.l. maintains a quality control system that includes directives and documented procedures on compliance with ethical standards and professional principles.

## AUDITORS’ RESPONSIBILITY

The responsibility of SGS CTR S.r.l. is to express an opinion concerning the reliability and accuracy of the information, data and statements included in the 2023 Sustainability Report and to evaluate their compliance with the relevant requirements in the context of its verification objective outlined below, in order to inform all the Interested Parties.



The verification has included the following activities, in accordance with what was agreed with LCM:

- In line with the Limited Assurance Engagement, analysis of the sustainability activities and data relating to the period 1 January 2023 – 31 December 2023, as indicated in the Sustainability Report;
- the evaluation of the Report against the Global Reporting Initiative's **GRI Standards 2021**, according to the 'with reference' option.

The activity was carried out following the criteria indicated in the "International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)", issued by the IAASB (International Auditing and Assurance Standards Board) for limited assurance engagements. This standard requires respect for the applicable ethical standards, including those regarding independence, as well as planning and realisation of the work in order to obtain limited certainty that the Report does not contain significant errors.

## ASSURANCE METHODOLOGY

The verification consisted of activities aimed at assessing compliance with the standards that define the content and quality of the Report -as articulated by the "GRI Standards". These activities are outlined below:

- Using interviews, analysis of the governance system, management process, and topics connected to sustainable development regarding the Organization's strategies and operations;
- Analysis of the process for defining the material topics outlined in the Report (materiality analysis), with reference to the methods for their identification and evaluation -in terms of priority for the various stakeholders- as well as the internal validation of the process findings;
- Analysis of the consistency of the qualitative information detailed in the Report and analysis of the processes underpinning the generation, disclosure and management of the quantitative data included in the Report. In particular, the following activities were carried out:
  - > meetings and interviews with the LCM's management to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and submission of the information to the function responsible for preparing the Report;
  - > a sample-based analysis of the documents supporting the preparation of the Report, in order to obtain evidence of the reliability of both the processes in place and of the internal control system underlying the treatment of the information relating to the objectives disclosed in the Report;

The audit team was chosen based on the auditors' technical know-how, experience and qualifications in relation to the various sustainability areas assessed.

Auditing activities were carried out in July 2024 and involved various functions/departments of the Organization.

## LIMITATIONS

Economic and financial data contained in the Financial Statements 2023 and included in the Sustainability Report, have not been audited by SGS.

## CONCLUSIONS

On the basis of the work carried out, no aspects came to the attention of SGS CTR S.r.l. which would lead to the opinion that LCM 2023 Sustainability Report was not prepared, as regards all significant aspects, in compliance with the "GRI Standards - Global Reporting Initiative" as described in the Report's "Methodological Note" chapter.

Milan, July 29th 2024  
SGS CTR S.r.l.

SGS CTR S.r.l.  
Industries & Environment  
Business Manager  
  
(R. Giorgi)





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