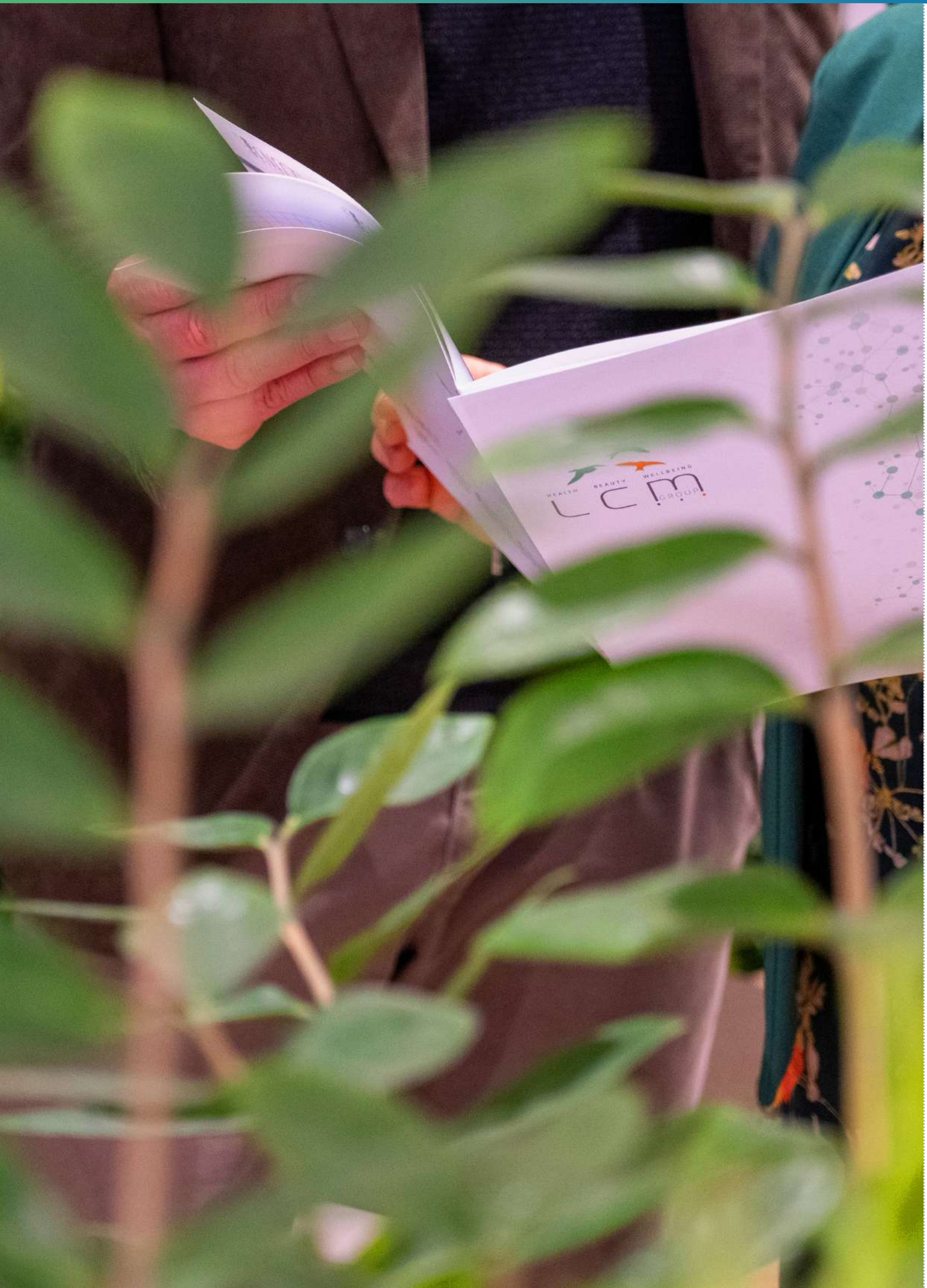
SHAPING TOMORROW

2024 Sustainability Report



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Letter to the stakeholders

(GRI 2-22)

I would like to introduce LCM Group's second Sustainability Report highlighting, in particular, an inherent need for intentional change. 2024 ended with growing uncertainties about the economic outlook and 2025 began with an increasingly severe political framework. Clearly, a passive approach will not lead to any solutions, at any level.

Similarly, a superficial consideration of ESG issues and the implementation of actions with a negligible impact will not generate the power necessary to face environmental and social challenges.

It is time to adopt a constructive and forward-looking approach and apply it to all areas.
The purpose of each organisation must be deeply rooted and inspire coordinated and responsible decisions.
This *purpose* is the basis of a genuine sustainability strategy.

Therefore, LCM has embarked on a structured path aimed at progressively reducing the environmental impact of the group companies and increasing their positive impacts, in line with the company's values and non-negotiable principles used to conduct its business, especially in the areas of health and well-being in which we operate. Despite Europe's "*stop the clock*" directive, which provides companies with more time to comply with ESG requirements, we decided to examine in detail our sustainability plan and understand how to generate additional, distinctive impacts, in line with the Group's positioning and mission. LCM continues its journey by complying with the SDGs and focuses its investment not only on reporting, but also on understanding the context in which it has an impact.

The opportunities for value creation depend on the sector and, above all, the ability to listen to its closest stakeholders is the driver that can always enable a company to lead the change.
Therefore, in this document, we describe the results achieved and the new goals along the path we have undertaken together with them. We are ready to welcome the challenges

posed by such a complex goal as we believe that they can expand the company's vision and exploit its most innovative energies. As in the past, for LCM, the current cost of "compliance" is seen as future strategic assets.

In 2024, the Group's total turnover fell by approximately 8%. Furthermore, the instability of the markets has caused the severe unavailability of consumption forecasts and medium-term purchasing plans.

However, the overall financial performance remains tilted upwards thanks to the performance of the parent and given the dynamic balance offered by diversification, offsetting opposing trends among the sectors in which we operate.

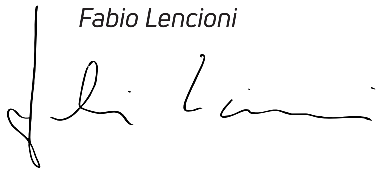
Despite the gloomy scenarios, LCM bans inaction and continues to invest in its people and in relationships. We hired new employees in all the business areas in which we operate and made further efforts to digitalise processes, use new technologies and increase continuous training. Furthermore, we focused, in particular, on ESG actions.
Management is aware that change depends on clear purposes, preparation and on promoting the ability to interconnect different disciplines and action plans.

We decided to "implement" sustainability, instead of considering it just another issue to be managed. Indeed, we see it as a positive catalyst that cuts across various aspects of LCM life. We are committed to finding solutions that prevent the depletion of natural resources and social ties, that drive the evolution of the organisation, opening up new perspectives and triggering a process of continuous learning and improvement.

By assessing our impact we create a corporate culture.
Data and metrics are necessary. They do not replace observations, but support them and lead to results. Nonetheless, we are aware that they go beyond our corporate and time boundaries.

An organisation that "breathes" well promotes change and successfully overcomes resistance, contributing to a *just transition*.
This requires a significant amount of creativity and courage and fellow travellers.
We hope to create bonds that will lead to tangible consequences and we are committed to developing a generative relational capital, in line with that of the company, going beyond the narrative. We focus on meaning: protect what we received, develop it and transfer it to the next generations, who will grow it tomorrow.

Fabio Lencioni



Methodology for reporting non-financial information

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

L.C.M. Trading S.p.A. publishes its second Sustainability Report, covering 2024 (the "Report"). In accordance with the principle of transparency, the information provided herein enables stakeholders to form an accurate and comprehensive view of LCM's activities, strategies, business performance and achievements as part of 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 operations.

This 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. The reported indicators are described in the "GRI Content Index" at the end of this Report.
Similarly to 2023, this Report was subject to external *assurance*. The letter of assurance has been included at the end of this document.
This Report covers the economic, social and environmental results for 2024 (1 January – 31 December 2024), similarly to the financial statements. Where possible, the figures for 2024 are accompanied by prior year corresponding figures.
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 boundary of economic, environmental and social data and information covers L.C.M. Trading S.p.A. and its subsidiaries L.C.M. Industriale S.r.l., Alpha Ingredients S.r.l., LCM Genect S.r.l., ("LCM" or the "Group" or the "LCM Group"). Compared to the scope of the financial statements, the Sustainability Report does not include "L.C.M. General Trading Middle East FZCO" and "L.C.M. North Africa and Middle East LLC".
The figures included in this Report refer to the Group, except where specified.

In accordance with the principle of materiality, the company defined the content of this Report based on the results of the materiality assessment conducted in the first quarter of 2025. The analysis identified the most significant impacts and topics for the company and its stakeholders.

LCM's 2024 Sustainability Report, published in August 2025, is available on the company's website under the "Sustainability" section. For more information or comments on this document, you may send a message to clencioni@lcmtrading.it

1

Accelerating the future one ingredient at a time.

The company

(GRI 2-28)

1.1. Our story

LCM was founded in 1982 when Fabio Lencioni, combining his expertise in chemistry and his consolidated experience in the distribution of raw materials, decided to become an independent entrepreneur. This decision, which was driven by a clear vision of the changes taking place in the industrial world and a strong passion for this professional field, marked the beginning of a family and business adventure that continues to this day.

The company is based in Sesto San Giovanni, on the outskirts of Milan, where the Group's headquarters are still located today. From the outset, the founding values – integrity, responsibility, lasting human relations – became the hallmark of a company that evolved over time, while holding firm to its principles.

Today, after more than 40 years in business, the Group is an international benchmark in the trade and distribution of raw materials for the pharmaceutical, cosmetic, nutraceutical, food and chemical industries. With a structure comprised of five autonomous but synergistic divisions, which are the result of the entry of the second generation in 2010, the Group is a unique and strong partner which offers customised solutions according to specific customer needs. Indeed, the constant exchange of know-how between the LCM Group companies generates added value for customers, as a partner for research, development and trade of APIs (Active Pharmaceutical Ingredients), as well as other raw materials.

LCM Group strives to multiply and innovate its services to companies, while preserving the distinguishing feature so dear to its founder: building "good chemistry" through human relations of quality and an ethical and responsible outlook towards global markets.

1982

L.C.M. Trading S.p.A. was founded as an importer and distributor of raw materials for cosmetics and pharmaceuticals, the Group's core business right from the very start.

2010

A process of business diversification began, leading to the incorporation of L.C.M. Industriale (Commodities Oleochemicals), L.C.M. Middle East & General trading FZCO (APIs, Excipients and Nutraceutical) and ALPHA Ingredients (Food Ingredients).

2016

The diversification process continued throughout the decade, with the establishment in 2016 of LCM Genect (Biotechnology, Precision Medicine).

2018

Since 2018, the Group has been involved in a vertical integration process, with the creation of:

2018

The Animal Nutrition Business Development Unit was set up in 2018

2020

Laboratorio Cosmetico, research and development unit of LCM S.p.A.'s cosmetics division

2022

DPI Division – Business Development Unit for personal protective equipment

(GRI 2-6, GRI 416-2, GRI 418-1)

1.2. LCM Group: raw materials for the industries of the future

LCM Group. One partner. Infinite solutions.

The LCM Group has several decades of experience in the international trade and distribution of raw materials for the cosmetic, pharmaceutical, nutraceutical, chemical and food industries. Over time, it has refined its skills and extended its services to companies active in the various sectors in which it operates.
At the same time, it specialised in the marketing of personal protective equipment and in the development of solutions for molecular diagnostics and precision medicine, an area in which it has been active since 2016 with the distribution of IVD tests, POCT instrumentation and for analytical laboratories.

In addition to acting as a single point of contact for customers, LCM develops tailor-made solutions thanks to a widespread network of suppliers of proven reliability, 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 the Group in the market, the network undergoes both periodic checks and project-specific audits.

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 (CC) 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.

Overall, occurrences are less than 1% on average, which is a technically negligible figure and in line with the characteristics of the sector. The LCM Group uses the TrackWise digital EQMS software.

Today, it is a single, reliable partner for its customers. The Group consists of the following five independent, interconnected companies:

LCM S.p.A.
Founded in 1982, today it is the parent.
The first trading company in Italy to be authorised to import active pharmaceutical ingredients from outside Europe,
It supplies companies with the raw materials necessary for the pharmaceutical, nutraceutical, cosmetics and animal nutrition sectors.
Since 2022, it has developed and distributed state-of-the-art personal protective equipment (PPE).

LCM Industriale S.r.l.
This group company specialises in the import of chemical raw materials for industrial use from abroad. It also provides consulting services, standardisation of imported products, customised re-packaging, warehousing and logistics for distribution throughout Europe.

Alpha Ingredients S.r.l.
This company was set up in 2010 as a result of the collaboration with an Italian blending company. Alpha Ingredients takes an innovative approach to the supply of enzymes and other raw materials for the food industry.

LCM Genect S.r.l.
This company was established in 2016 to provide hospitals, outpatient clinics, nursing homes and test laboratories with the most advanced tools for precision medicine. Its innovation and research work is focused on new point-of-care diagnostic tools.

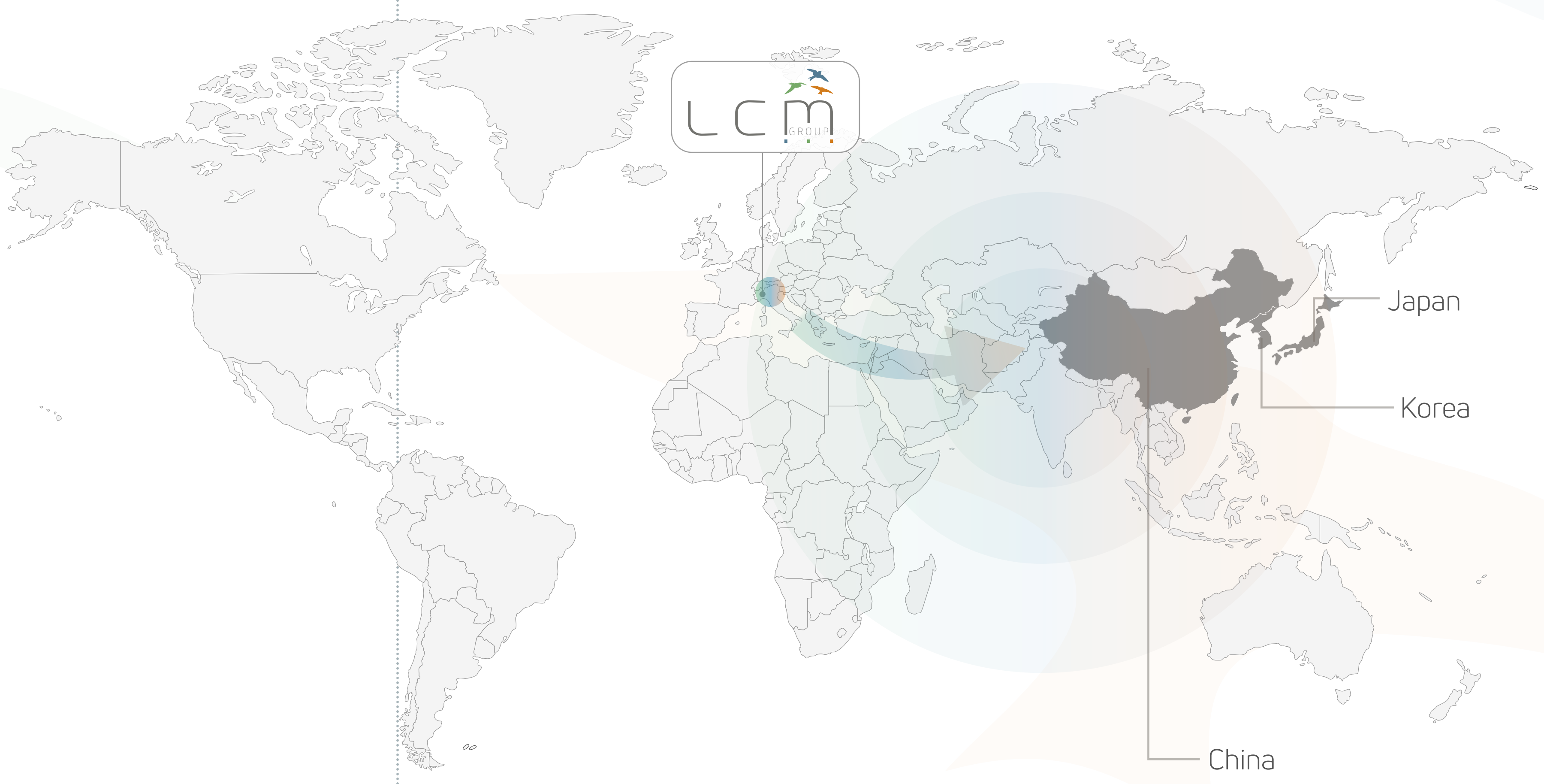
LCM Middle-East
This company was founded in 2010 to extend operations to the booming Middle East market. Through its offices in Cairo and Dubai, it manages marketing and distribution activities in North Africa and the Middle East, particularly in the health and cosmetics sectors.
Also by employing experienced mother-tongue professionals active in the area, the company provides its customers with comprehensive consultancy services, helping them to source quality raw materials for the production of safe products.

LCM's registered office is located at Via Mazzini 33 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. S.p.A.	L.C.M. Industrial	Alpha Ingredients	LCM Genect
Registered office Via Mazzini 33 – 20099 Sesto San Giovanni (Milan)	**Leased offices** Via Falck 16 – 20099 Sesto San Giovanni (Milan)	**Leased offices** Via Falck 16 – 20099 Sesto San Giovanni (Milan)	**Leased offices** Via Falck 16 – 20099 Sesto San Giovanni (Milan)
Leased laboratory Via Caravaggio 19 – 20900 Monza (Monza Brianza)	-	-	-
Leased offices Via Martini Enrico 8 – 26013 Crema (Cremona)	-	-	-

Table 1 – L.C.M. Operational Sites

LCM's head and heart are in Italy. However, the arms and branches of the LCM Group are spread all over the world: starting from Asia, the main area of procurement of raw materials for the pharmaceutical, nutraceutical and cosmetic industries.
The LCM Group cooperates with qualified manufacturers around the world, serving more than 500 customers. In addition to raw materials for the chemical industry, the 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.



LCM GROUP 2024 in figures

+ 4% COMPARED TO THE PREVIOUS YEAR 43 people	0 injuries
0 episodes of discrimination	0 episodes of corruption
5 certifications of corporate compliance	0 instances of non-compliance / sanctions
+ 59% COMPARED TO THE PREVIOUS YEAR 1477 hours of non-mandatory training	3 community projects
0 reports of breaches of customer privacy and data loss	-66% market-based Scope 2 GHG emissions vs. 2023

2

Change *starts within each one of us.*

Governance, ethics and integrity

(GRI 2-9/10/11)

2.1 Governance based on solidity, continuity and innovation

Transparency, ethics and financial soundness, the perfect mix to last.

Since its incorporation in 1982, **continuity and stability** have been the fundamental pillars of the company's growth. The composition of the current Board of Directors, as defined in 2010, reflects these values. The governance of subsidiaries has **evolved** accordingly, based on this philosophy: an initial collaboration with the founding partners has progressively led to full control by the parent, leading to integrated and more efficient management of the company life cycle at all stages, from start-up to full maturity as an SME.

Today, business protection and sustainable growth in the long term remain a priority. Consequently, the Chairman's office has developed a governance model that has consolidated over time and has proven effective and solid, guaranteeing stability both to the organisation and to all its employees. The generational change is not only the process of transferring ownership. In fact, it includes **sharing all the intangible heritage** of the company: skills, vision, culture and values.

With this in mind, Management believes in the development of a solid, competent and responsible first line of management to independently manage product lines, gradually delegating operational activities to its teams. Structured training paths and a comprehensive evaluation system have been progressively implemented to promote the professional growth of employees and encourage a proactive contribution in every situation.

As mentioned earlier, the aim of corporate governance is to balance compliance with the founding value of the company's history, in terms of values and business approach, with the ability to **innovate**.
Given the increasingly sudden changes in scenarios, companies must be able to react and quickly rethink their processes, while setting the adequate pace of transformation.
Honouring the past to re-shape the future: respect yesterday and today values and use of critical and constructive thinking for tomorrow.

The book, titled *Domani* (Tomorrow), written to celebrate the company's 40th anniversary, describes its history, with this important word in mind. It is a collection of stories told by those who live the company and help build it every day. Forty 40 keywords, outlining LCM's values.

These principles, which are the pillars of the Group's **Code of Ethics and Conduct**, are the starting point: a veritable "**beacon**" that guides day-to-day actions and the processes to select and assess resources. The values that have distinguished the company over time, through developments, complexities and challenges, remain fundamental. 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. Consequently, for LCM, sustainability means investing time in thinking about the future, people, the community and the environment.

L.C.M. Trading S.p.A. (L.C.M. S.p.A.) is aware that it operates in a complex and critical industry and, consequently, must successfully meet the challenges posed by growing as a family-owned business. Therefore, its governance approach ensures 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 standing and two alternate auditors. Its subsidiaries have governance structures appropriate to their size and business models.

The Board of Statutory 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 and its subsidiaries

L.C.M. Trading S.p.A.

Board of Directors:
Fabio Lencioni – *Chairman*
Lorenzo Lencioni – *CEO*
Carlo Tagliabue - *CEO*
Cecilia Lencioni - *Director*

Board of Statutory Auditors:
made up of three standing and two alternate members

Independent auditors:
single-member body

The other group companies, wholly owned by LCM Trading S.p.A., have the following governance structure:

L.C.M. Industriale S.r.l.

Fabio Lencioni
Sole director

Luigina Zocco
Sole statutory auditor in charge of the audit of the financial statements

Alpha Ingredients S.r.l.
Board of Directors

Lorenzo Lencioni
CEO

Carlo Tagliabue
Director

Luigina Zocco
Sole statutory auditor in charge of the audit of the financial statements

LCM Genect S.r.l.

Paolo Piazzalunga
Sole director

Of the four board members, three are men and one is a woman, one member is from outside the family, and three are executives. One man and one woman belong to the 30 to 50 age group, while the other two men belong to the over 50 age group, as shown in Table 2.

No. of members of the governance bodies (BoD)		
2023		
0 (men) 0 (women) age <30	1 (men) 1 (women) age 30/50	2 (men) 0 (women) age >50
Total 0	Total 2	Total 2

Table 2 – Number of members of governance bodies by gender and age group

LCM's corporate structure also includes the Quality & Compliance department which ensures the correct operation of all LCM group companies and their divisions. Thanks also to this department which focuses on regulatory issues, i.e., its in-depth knowledge of the regulations governing the sectors in which the Group operates (pharmaceutical, cosmetic, nutraceutical, chemical, food, molecular diagnostics), each group company ensures the *compliance* necessary to operate safely in the international trade of raw materials for products for people's health and well-being.

2.2. The role of the BoD in promoting sustainability

In order to effectively define its sustainability strategy and plan future developments, LCM has adopted a top-down approach, actively involving the BoD in the formation and discussion of sustainability issues.

Indeed, board members are effectively and proactively committed to these issues, acknowledging the importance of constant updates as a key element for the **sustainable development** of the company. In addition to training sessions, in 2024, the BoD organised discussion sessions with division managers in order to examine and analyse in detail the main aspects identified during the training activities on environmental, social and governance issues. These meetings were an opportunity to assess LCM's level of maturity in terms of sustainability and outline the strategic drivers and objectives for fully integrating ESG aspects into the corporate vision.

This commitment, together with the goal of extending the culture of sustainability to all company levels, has led to the identification of areas for improvement and the definition of clear objectives for **integrating ESG principles into corporate culture and practices.** These goals are translated into concrete actions, based on the results of the materiality assessment, as described in the section on strategy.

In this respect, the Sustainability Report confirms LCM's focus on the promotion of sustainable practices and training as key levers for building an increasingly responsible and long-term business model.

3

A participation path.

Materiality assessment

(GRI 2-29)

3.1. Ongoing dialogue with stakeholders

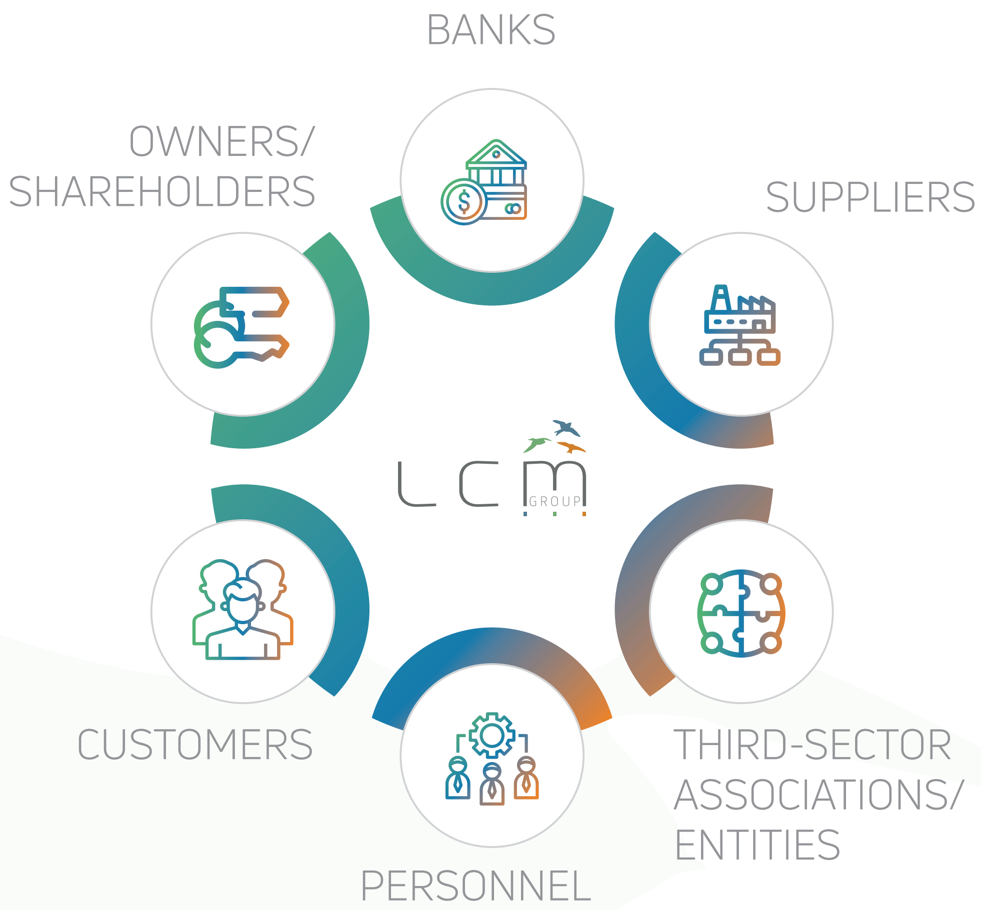
LCM has engaged in an ongoing dialogue with its stakeholders to ensure that mutual expectations are met and understand and manage stakeholders' needs, delving into sustainability issues with them.

Since 2023, the company has launched a *stakeholder* (internal and external) mapping and engagement process, 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 2025, with the publication of the second Sustainability Report, the company updated the materiality assessment carried out last year in order to capture and represent the changes and innovations that characterised 2024. This included an in-depth review of the reference context to identify any changes in the economic, environmental and social impacts of the company's operations.

In line with a participatory and dialogue-oriented approach, stakeholder engagement was part of the update of the materiality assessment. To this end, LCM submitted a questionnaire to its main stakeholders in order to collect their views on the materiality of the identified impacts, thereby ensuring that the assessment was as shared and representative as possible.
In line with this approach, where human resources are seen as fundamental stakeholders, LCM envisaged the full involvement of internal resources in 2025. All employees were asked to participate in the assessment of the materiality of impacts after attending a specific training course on sustainability issues, which enabled an informed and conscious assessment.

With respect to 2024, LCM identified and involved the following stakeholder categories:



3.2. Impact analysis: the precondition to sustainability

This Sustainability Report is based on material topics, focusing, in particular, on impacts and risk analysis. As defined by the GRI Standards, material topics are topics that represent the organisation's most significant impacts on the economy, environment, and people, including impacts on their human rights. In 2023, the company conducted its first materiality assessment in accordance with the requirements of the applicable international standards (GRI 3, 2021). It updated it in 2024 to ensure that it is up-to-date and complies with the constantly evolving context in which it operates.
The materiality assessment was carried out in four stages.

Stage 1: understanding and analysing 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), its business relationships (customers, suppliers), the performance of this context with regard to ESG issues (social, environmental, economic issues), and key internal and external stakeholders.

Stage 2: identifying actual and potential impacts

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

Stage 3: assessing the importance of impacts

Material topics were associated with the company's related impact 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.
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").

Stage 4: prioritising impacts

The assessment of impacts made it possible to prioritise each individual impact according to their importance, prioritising them from most to least significant. Subsequently, the owners assessed and approved the impacts and, accordingly, the material topics covered by the reporting boundary.

Table 3 below lists the impacts and topics more relevant to LCM and its stakeholders.

2024 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 in the areas of pharmaceuticals, food safety, medical devices, GMP)*.	Corporate governance and sustainability	Governance	Positive	Actual	3.74	12
Positive impacts generated by welfare schemes and measures that promote work-life balance, with implementation of specific policies and practices *(e.g., remote work policy, welfare programme, meal vouchers, etc.)*	Occupational well-being	Social	Positive	Actual	3.68	3
Positive impacts on employees' health and safety resulting from compliance with safety procedures and practices.	Health and safety	Social	Positive	Actual	3.68	3
Impacts on company performance due to the adoption of good non-discriminatory practices *(e.g., equal opportunities, diversity and inclusion), such as the path the company followed to obtain UNI PDR 125 certification*	Equal opportunities and non-discrimination	Social	Positive	Potential	3.66	5, 10
Positive impacts generated by responsible management of waste generated 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	Actual	3.59	12, 13
Positive impacts generated by business ethics documentation *(e.g., code of ethics covering, inter alia, anti-corruption issues and, more generally, business conduct and sustainability)* and by a proactive approach towards business ethics and integrity issues.	Corporate governance and sustainability	Governance	Positive	Actual	3.57	8, 16
Impacts generated by digitalisation activities enabling data effectiveness/security and quality of the services offered by the LCM Group *(e.g., ERP certification, quality system management software, computer tracks for data exchange, digital/online documentation)*.	Innovation and digitalisation	Governance	Positive	Actual	3.55	9
Positive impacts resulting from the process of selecting and qualifying suppliers according to product and/or process quality criteria, such as the quality certifications held.	Supply chain sustainability	Governance	Positive	Actual	3.51	8, 12
Positive impacts generated by responsible environmental management of office areas and dissemination of good energy efficiency practices among employees *(e.g., energy saving, consumption optimisation, photovoltaic systems in office areas, etc.)*	Energy	Environment	Positive	Actual	3.51	7, 13
Positive impacts generated by the focus on the professional development of its employees, in terms of both training (planned training programmes based on training needs) and career development (performance review system and setting agreed targets)	Development of human capital	Social	Positive	Actual	3.46	4
Impacts related to non-compliance with the EU Packaging Directive which requires the reduction, reuse and recycling of packaging.	EU Packaging Directive	Environment	Negative	Potential	3.44	12
Impacts caused by failing to manage the supply chain according to sustainability criteria, due to the lack of ESG *(environmental, social and governance) criteria* in supplier evaluation	Supply chain sustainability	Governance	Negative	Potential	3.42	8, 12
Negative impacts generated by the introduction of the CBAM (Carbon Border Adjustment Mechanism) regulation, which may lead to increased procurement costs and, in the event of non-compliance, financial penalties, trade restrictions and reputational damage.	CBAM	Environment	Negative	Actual	3.31	13
Impacts generated by measuring and controlling the company's direct and indirect GHG emissions (Scope 1, 2 and 3).	Emissions and climate change	Environment	Positive	Potential	3.31	7, 13
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	Actual	3.27	11
Impacts generated by possible partnerships for sustainable innovation *(e.g., partnerships for product or service innovation introducing social or environmental added value)*.	Digitalisation and innovation	Governance	Positive	Potential	3.22	9

Table 3 – List of the most material impacts and topics for LCM and its stakeholders (2025 update)

The 2030 Agenda and the Sustainable Development Goals

Endorsed in 2015 by more than 150 countries, the 2030 Agenda for Sustainable Development is a global initiative that marks a paradigm shift from previously adopted instruments. Indeed, 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.

Our commitment for tomorrow.

Our commitment: sustainability goals and strategy

Starting from the material topics identified as part of the updated materiality assessment, LCM has defined a series of goals and commitments that it plans to pursue in the short and medium term. The aim is to structure an increasingly accurate sustainability strategy.

SDG'S	MATERIAL TOPIC	DESCRIPTION OF THE SHORT-TERM COMMITMENT (PLANNED FOR 2025)	STATEMENT OF COMMITMENT AND FUTURE GOALS
12, 8	Corporate governance and sustainability	Activate the channel for reporting, collecting and monitoring possible wrongdoing (*whistleblowing*) or harassment (UNI PDR 125:2022)	Keep the channel to report any wrongdoing or harassment active, ensuring proper monitoring and handling of any reports
		Assess sustainability performance via the Ecovadis and Synesgy platforms	Improve sustainability performance assessment through rating and know-how sharing platforms such as Ecovadis, Synesgy, Open-es
		Join the SMETA (Sedex Members Ethical Trade Audit) platform and complete the Self Assessment Questionnaire (SAQ)	Improve SMETA assessment over time
		Update the code of ethics to reflect the launch of the whistleblowing channel	Update the code of ethics to reflect significant changes
		Organise training courses on the updated code of ethics (anti-corruption, whistleblowing, etc.)	Carry out training courses in event of updates or amendments to the code of ethics

SDG'S	MATERIAL TOPIC	DESCRIPTION OF THE SHORT-TERM COMMITMENT (PLANNED FOR 2025)	STATEMENT OF COMMITMENT AND FUTURE GOALS
3	Occupational well-being	Introduce meal vouchers for employees	Ensure the benefit is maintained over time
		Maintain the digital welfare platform which provides access to training courses as well as services contributing to *employees' work-life balance.*	Consider introducing an employee counselling service to ensure physical and mental well-being
			Ensure and innovate a solid welfare package and work-life balance measures
3	Health and safety	Maintain a safe working environment and safe working conditions	Maintain high health and safety standards and 0 accident rate
5, 10	Equal opportunities and non-discrimination	Create a gender equality management system and obtain the UNI PDR 125 certification	Maintain the UNI PDR 125 certification over time and improve its score.
		Assess the ISO 30415 Human Resources Management – Diversity and Inclusion standard	Pursue and consolidate the promotion of the self-fulfilment of each individual in the company and combat discrimination
12	Waste	Reduce the use of single-use plastic products and materials in offices	Consolidate the good practices introduced over time, maintain minimum levels of plastic consumption in offices
9	Innovation and digitalisation	Fulfil the requirements of the NIS (*Network Information Security*) regulation	Confirm compliance with NIS requirements over time
		Strengthen the internal *cyber-security programme* and plan specific training	Maintain a high standard of *cyber-security.*
		Continue the transformation of the company into a *digital friendly* company by reducing paper use and promoting the conscious use of new technologies	Consolidate the good practices introduced over time and improve the *digital friendly* status.
		Introduce certified EQMS software – TrackWise Digital – to manage ISO certification documentation	Maintain the TrackWise Digital software and its developments (DMS/TMS) over time
13, 7	Energy	Gradually increase the share of hybrid/electric company vehicles, with a conversion target of 20% per year	Continue with the fleet conversion plan until the renewal is complete
		Increase the procurement of electricity from renewable sources, through own photovoltaic plants and the purchase of Guarantees of Origin (GO)	Maintain the procurement of electricity from renewable sources over time
4	Development of human capital	Promote ESG training courses	Continue to ensure the professional development of company personnel
8, 12	Supply chain sustainability	Introduce a supplier mapping system and evaluation of new suppliers by means of a sustainability questionnaire	Maintain monitoring and include ESG assessment in the selection of new suppliers
		Conduct training on the ISO 20400 standard – Sustainable Procurement	Maintain up-to-date the skills related to sustainable supply chain management
		Promote actions to enable sustainable supply chain management	Implement ISO 20400 guidelines and obtain the relevant certificate

SDG'S	MATERIAL TOPIC	DESCRIPTION OF THE SHORT-TERM COMMITMENT (PLANNED FOR 2025)	STATEMENT OF COMMITMENT AND FUTURE GOALS
12	EU Packaging Directive	Introduce a structured system for tracking the amount of packaging used (also in line with the requirements of the EU Packaging and Packaging Waste Regulation)	Ensure maintenance and continuous updating of the tracking system
13	CBAM	Monitor materials subject to the Carbon Boundary Adjustment Mechanism (CBAM), ensuring compliance with regulatory requirements	Ensure monitoring and transmission of mandatory data in compliance with the CBAM regulatory framework
13	Emissions and climate change	Optimise data collection for more comprehensive reporting of Scope 3 emissions	Consider concrete actions for Scope 3 emission mitigation, based on the data collected
		Consider implementing Life Cycle Assessment (LCA) studies on personal protective equipment (PPE) and strategic raw materials	Implement LCA studies
		-	Consider drafting and adopting an environmental policy
11	Community relations	Continue to promote relations with stakeholders and entities in the local area	Extend over time the collaboration with the LILT prevention corner in Sesto San Giovanni (MI) and develop a CSR action campaign
		Assess membership of innovation and research ecosystems (hubs, incubators, technology districts)	Consolidate relations with local organisations over time and maintain active collaboration with universities

Table 4 – LCM's sustainability commitments

5 Ethics and quality, the pillars of our daily actions.

Ethics and values at the core of our identity

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

LCM has built its identity on **deeply-felt values**, the legacy of its origin as a family business, which over time have been transmitted and consolidated in all the Group's entities. The expansion and diversification of activities into specialised sectors led to the need to give a clear and common form to these principles. This resulted in the drafting of the Code of Ethics and Conduct (the "Code of Ethics").

This document describes the Group's genuine commitment to protecting and promoting its values, making them visible and accessible to all stakeholders, with **transparency and accountability**.

In order to promote a corporate culture based on integrity, LCM S.p.A. and it group companies have prepared a code of conduct that translates the values that drive their operations into concrete actions. This code is the reference point for LCM's internal and external stakeholders who must adopt it in their own actions. The aim is to build a common approach where excellent results are combined with strict compliance with ethics and good practices, specific to the sectors in which the Group operates.

Through the **Code of Ethics**, LCM establishes the rights, duties and responsibilities of all those involved in the pursuit of its business purpose. Every employee is expected to follow this behavioural and operational guide every day and integrate it into their professional background. Indeed, employees are invited to sign the Code of Ethics, which is also a fundamental reference in the processes of selection, induction and evaluation of those working with the Group.

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, focused on pursuing the company's objectives in a **fair and correct manner**.

Legality | Honesty | Trust | Transparency

Impartiality | Independence | Professionalism | Competence

In addition to the law, regulations and good practices, the Code is inspired by those principles that have always characterised 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;
- **Ability to pass on company values to "successors"**, as a key to the continuity of the company by including young talents alongside those who, on the strength of their experience within the Group, can impart technical professionalism and company values.

The Code of Ethics pays specific attention to the definition of behaviour in compliance with **anti-corruption** regulations, providing clear guidelines consistent with the highest standards of integrity.

In order to be in line with the best industry practices, LCM has decided to integrate the content of the Code of Ethics of Confindustria (Italian small, medium, and big enterprises federation) into its document, particularly with respect to rules of conduct and the related sanctions system. Following this integration, the document was updated and renamed the Code of Ethics and Conduct.
LCM is committed to ensuring its wide dissemination among the parties involved, directly or indirectly, in the Group's operations, ensuring timely communication of any updates or amendments.
The current version was approved on 1 January 2024 and is publicly available on the company's website. For additional information, reference should be made to the relevant page (link: Governance – LCM Group).

There were no lawsuits concerning corporate corruption or episodes of discrimination during the current or previous years, confirming the success of the measures adopted.

In addition, during the 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 company was allegedly involved. No incidents of non-compliance with regulations or self-regulatory codes were detected, nor were any fines or non-monetary penalties levied.

At the same time, the Group promotes a corporate culture that combats illegality through the active and responsible participation of its employees and partners. Consequently, among its goals for 2025, LCM plans to implement a whistleblowing channel in line with Legislative decree no. 24/2023, implementing European Directive 2019/1937. This channel will also make it possible to report wrongdoing and/or harassment in accordance with the requirements of UNI PDR 125:2022.

5.1. Corporate compliance: a value as well as a commitment

LCM is aware of the crucial importance of the sectors in which it operates, such as health and wellness, where the **quality** of products and services is fundamental. Consequently, it is constantly striving to achieve levels of **excellence** in all its activities, and its *commitment* to quality is one of its strengths and a cornerstone of its market approach. Nothing can be left to chance.

The Group's "*Quality and Compliance*" division is made up of 8 professionals, 2 of whom are Qualified Persons, specialised in the regulations governing one or more of the areas in which the group companies operate. The division cooperates with regulatory bodies at the highest level, ensuring the safety of the materials and products supplied and *compliance* with the regulations in force in the country where the products are used.
The process of continuous improvement is confirmed by the certifications held by the Group and its commitment to operate in accordance with **Good Manufacturing Practices (GMP)** and **Good Distribution Practices (GDP)**.

The ISO 9001:2015 certification confirms LCM's commitment to quality across the board, while adherence to the ISO 13485:2016 standard shows the attention 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 (Italian Medicines Agency) to import 35 APIs (active pharmaceutical ingredients) in line with the ICHQ7 guide and Directive 2001/83/EC – Dir.62/2011/EC. The *team* of LCM professionals also supports API manufacturers in the process of obtaining the EU-GMP certification issued by AIFA. Currently, registered APIs amount to 41.

AIFA issued LCM with the GMP (*Good Manufacturing Practice*) certification guaranteeing compliance with the European guidelines for drug quality in the European Economic Area. Indeed, all imported and distributed products for the Pharma industry are analysed in accordance with the European Pharmacopoeia and, in most cases and where applicable, provided with CEPs (Certificates of Conformity to the European Pharmacopoeia) and produced according to GMP.

Furthermore, LCM has obtained the FAMI-QS and BIO-CCPB certifications which cover feed quality and the production and labelling of organic products, respectively.
In order to guarantee these high standards, the company renews its commitment to **continuous training** every year, promoting professional development courses aimed at maintaining and developing skills in the regulatory fields. These courses included those on classification and labelling and the GMP, REACH and CLP regulations. For additional information, reference should be made to Annex 1 at the end of this document.

Table 5 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 5 – LCM certifications

LCM certifications are available on the company website:
Quality – LCM Group.

6 Solid, to last over time.

The economic aspects of accountability

(GRI 201-1)

Solid economic performance is fundamental for the long-term sustainability of the LCM Group. Indeed, it enables it to invest in innovation, service development, human resource development and, more generally, in strengthening competitiveness, while at the same time helping to attract investors and financial partners, with direct benefits in terms of stability. With this in mind, LCM's sustainability strategy is based on the economic soundness necessary to achieve also environmental and social (ESG) objectives. Therefore, the Group's business model is geared towards the creation of shared and lasting value for all stakeholders.

The analysis of economic value generated and distributed is therefore an essential tool to assess the Group's ability to **create wealth and distribute it** responsibly along the entire value chain.

In 2024, direct economic value generated amounted to €124,871,852, down by approximately 8% compared to the previous year. Similarly, economic value distributed decreased 7.1% to €121,785,353, in particular in relation to operating costs. The resources allocated to the public administration decreased more moderately, while investments in the community increased slightly, confirming the Group's willingness to increase its positive social impact despite the difficult macroeconomic context.

In this respect, the main areas of operations show different trends: the cosmetics sector showed signs of recovery, driven mainly by exports and growing domestic demand, while the *lifescience* sector was affected by a strategy of containment of logistics costs and stocks by pharmaceutical companies. High uncertainties about the economic and consumption outlook remain despite the slowdown of inflation, limiting medium- to long-term purchase planning.

The PPE line distributed by LCM's healthcare division aimed at the prevention of Health-care-Related Infections (HAIs) grew progressively. The Group is investing significant resources in technical and scientific dissemination activities to combat this "invisible pandemic" in order to raise awareness among health professionals and institutions.

The other group companies recorded mixed performance: ALPHA Ingredients S.r.l., active in the food sector, performed steadily, but with smaller profit margins; on the other hand, LCM Industriale S.r.l.'s chemical sector performed negatively, suffering from the tariffs policy and unsustainable shipping times. LCM Genect S.r.l.'s strategic repositioning towards proximity medicine continued, with the development and testing of POCT (Point of Care Testing) technologies. The results of this initiative will be assessed after achieving a more advanced stage of implementation.

Except for LCM Genect S.r.l., all group companies recorded a net profit for the year. The parent's capital strength made it possible to absorb the fluctuations of the year and ensure business continuity. The network of customers and suppliers was also strong and reliable, supporting business continuity and quality.

The table below shows the direct economic value generated and the economic value retained, which is the difference between revenues and the economic value distributed by the Group.

EURO	2024	2023
Direct economic value generated: revenues	**124,871,852**	**136,210,511**
Economic value distributed to:		
‣ Operating costs	116,261,520	125,429,116
‣ Employees' salaries and benefits	3,818,842	3,896,917
‣ Capital providers	0	0
‣ Public administration	1,688,633	1,782,093
‣ Investments in the community	16,357	14,785
Economic value distributed	**121,785,353**	**131,122,912**
Economic value retained	**3,086,499**	**5,087,599**

Table 6- Direct economic value generated by the LCM Group

Table 7 shows the direct economic value generated and retained broken down by group company.

DIRECT ECONOMIC VALUE GENERATED AND RETAINED BROKEN DOWN BY COMPANY (2024)				
Company	Direct economic value generated: revenues	% of total direct economic value generated at group level: revenues	Economic value retained	% of total economic value retained
L.C.M. Trading S.p.A.	63,449,064	50.81%	2,541,706	82.35%
L.C.M. Industriale S.r.l.	38,607,964	30.92%	423,057	13.71%
Alpha Ingredients S.r.l.	22,664,409	18.15%	618,789	20.05%
LCM Genect S.r.l.	150,415	0.12%	-497,052	-16.10%
TOTAL	**124,871,852**	**100.00%**	**3,086,499**	**100.00%**

Table 7 – Direct economic value generated and retained broken down by company (2024)

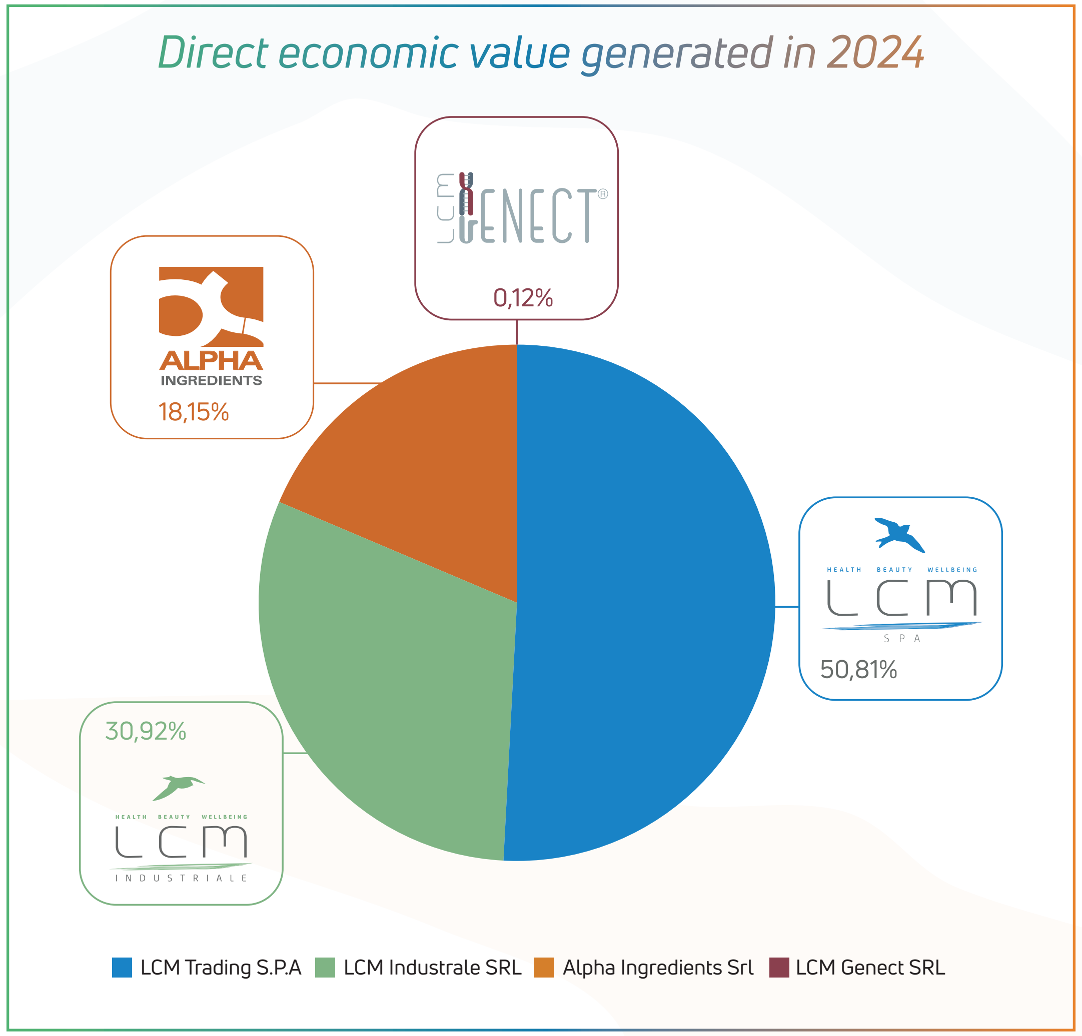


Chart 1 – % direct economic value generated broken down by group company (2024)

For additional information about the financial performance in 2024, reference should be made to the financial statements of LCM approved on 7 July 2025.

A value chain.

Responsible supply chain management: transparency, quality and sustainability

(GRI 2-6, GRI 204-1)

For LCM sustainable supply chain management is a strategic issue. Indeed, the company operates both in Italy and abroad and has an intensive import business, mainly from the Far East. LCM's supply chain is extremely **widespread globally** and includes suppliers located in far-flung countries, including South-East Asia, China, Korea, Taiwan, India, Japan and others, where extensive, state-of-the-art production of the Group's core business raw materials is located.

Consequently, the share of procurement to local suppliers accounts for only 16% of the total procurement budget, up 2% over the previous year.

For these reasons, **the integration of ESG criteria** right from the **supplier evaluation** stage is particularly important for LCM in order to ensure more extensive and effective monitoring from an environmental, social and human rights perspective. LMC is aware of the importance of these aspects for a company to operate responsibly. Consequently, in 2024, it has been gradually implementing two major innovations: the implementation of ESG assessment questionnaires for new suppliers and the calculation of Scope 3 GHG emissions.

With respect to **supplier evaluation**, the company is working on an ESG questionnaire to be sent to all the Group's new commercial suppliers and on a selection of historical suppliers identified on the basis of criteria such as economic value and purchase volumes.

At the same time, LCM has begun calculating **Scope 3** GHG emissions, i.e., the indirect emissions generated by the entire value chain. For additional information, reference should be made to the relevant section.

In addition to this, the LCM Group's international network of raw material suppliers undergoes **strict and specific periodic checks**: audits at production sites, both autonomously and with customers, participation as observers in inspections conducted by the relevant authorities (AIFA, EMA and EDQM) and submission of quality assessment questionnaires, as well as verification of the certifications held. Thanks to these checks, the LCM Group is able to maintain its high quality standards.

Furthermore, LCM is aware that some of the production chains, e.g., the food industry, may be subject to violations of **human rights**. These risks remain both within and beyond Europe's borders and every actor in the chain is called upon to monitor and sanction.
This awareness is the reason behind LCM's focus on the Sedex platform and the decision to strengthen the pillars of SMETA and SA8000 audits.

For the LCM Group, careful due diligence on suppliers, both from an environmental and a social point of view, always together with knowledge of and respect for the local context, is an integral part of a long-term collaboration with partners, regardless of the evolution of the European regulatory framework (CSDDD).

For 2025, the company has planned a training course on ISO 20400:2017 on sustainable procurement. This training will address the key issues of responsible procurement, approaches, application tools and *best practices*, with the aim of assessing and supporting compliance with the ISO 20400 guidelines and encouraging the implementation of a sustainable supply chain management system.

8

A family you can always count on.

Society

(GRI 2-7/8/30, GRI 405-1)

8.1. Our people, our biggest capital

LCM attaches **great importance** to interpersonal relations which are a **key element** in creating a motivating environment, promoting a sense of belonging and encouraging life-long learning: the aim is to ensure continuity in the company by passing on the company's values to future generations. LCM carefully considers the specific needs of its people and takes action to improve labour relations, promoting a corporate culture based on **mutual respect and fairness**.

At 31 December 2024, the company had a total of 46 employees, including 2 belonging to minority or vulnerable groups. All LCM employees are covered by national collective bargaining agreements for the Commerce sector.

Non-employees include two consultants: one acting as the CFO and the other as Head of Communication and Marketing, both of whom have held external positions since 2023. As described in Table 8 and Chart 2, total employees are broken down based on the companies included in the reporting boundary.

TOTAL EMPLOYEES	NUMBER
Alpha Ingredients S.r.l.	6
LCM Genect S.r.l.	2
L.C.M. Industrial S.r.l.	5
L.C.M. Trading S.p.A.	33
TOTAL	**46**

Table 8 – Total LCM employees broken down by company (2024)

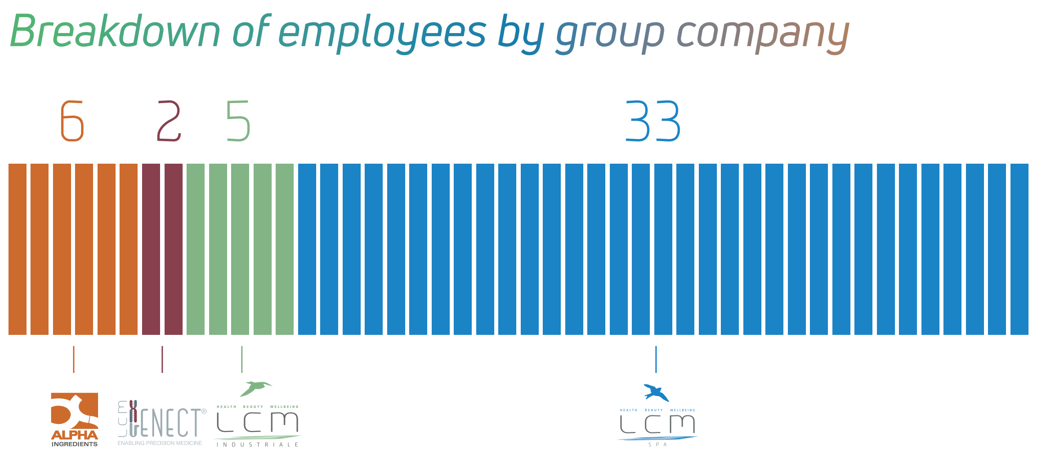


Chart 2 – Breakdown of employees by group company (2024)

Of the total 46 employees, 18 are men, accounting for approximately 40% of the total and 28 are women (roughly 60%), achieving a satisfactory gender balance among employees, as shown in Chart 3.

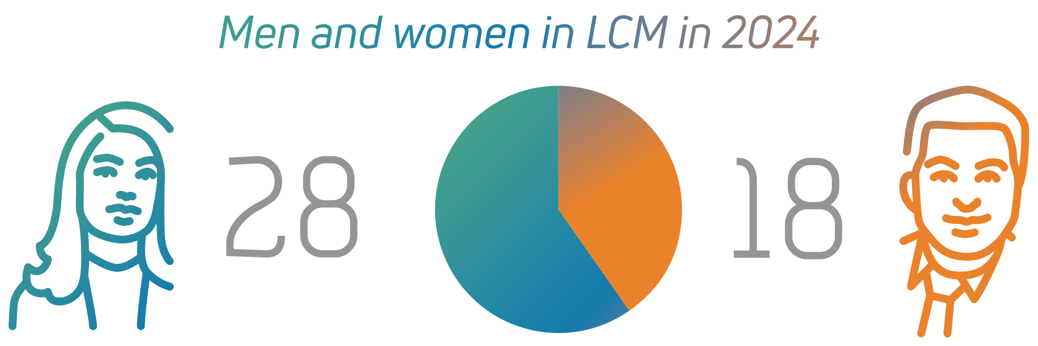


Chart 3 – Group employees broken down by gender (2024)

Confirming the importance LCM attaches to the creation of **solid and lasting working relationships**, all employees are on permanent contracts (95% in 2023). In previous years, LCM entered into a professional apprenticeship contract which was converted to a permanent contract at the end of the apprenticeship in 2024.

Employees broken down by full-time and part-time employment are as follows: 38 employees work under a full-time contract, including 21 women and 17 men, while 8 employees work under a part-time contract, 7 women and 1 men, as shown in Table 9.

Number of employees by full-time and part-time employment						
	2023			2024		
	Men	Women	**Total**	Men	Women	**Total**
Full-time	14	18	**32**	17	21	**38**
Part-time	3	7	**10**	1	7	**8**
Total	**17**	**25**	**42**	**18**	**28**	**46**

Table 9 – No. of employees broken down by full-time and part-time employment

Tables 10 and 11 show LCM employees broken down by gender, age group and full-time and part-time employment (2023 and 2024). With regard to age, the 30-50 and over-50 age groups prevail, mainly due to the skills required by the job positions.

No. of employees broken down by age group – 2023									
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**
Total	**0**	**2**	**2**	**11**	**12**	**23**	**6**	**11**	**17**

Table 10 – No. of employees broken down by gender, age group and full-time and part-time employment (2023)

No. of employees broken down by age group – 2024									
2024	<30			30 – 50			>50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Junior managers	0	0	**0**	1	0	**1**	5	3	8
White-collar workers	0	3	**3**	11	13	**24**	1	9	**10**
Total	**0**	**3**	**3**	**12**	**13**	**25**	**6**	**12**	**18**

Table 11 – No. of employees broken down by gender, age group and full-time and part-time employment (2024)

8.1.1. New employee hires and employee turnover

(GRI 401-1)

As shown in the tables below (Tables 12 and 13), 7 new employees were hired in 2024, while 3 left the company: a rate of new employee hires of about 17%, compared to employee turnover of about 7%. Table 13 shows the overall rate of new employee hires and employee turnover, which stands at around 22%, unchanged from 2023.
In the previous year, this trend was affected by extraordinary factors related to the pandemic period. In particular, with respect to the molecular diagnostics company, the new employees 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. In 2024, the rate of new employee hires increased following the hiring of experts in line with current needs and the concurrent reduction in employee turnover. These figures indicate a rebalancing phase and the company's renewed attractiveness, reflecting its growth path.

	New employee hires			Employee turnover		
	2023			2023		
	Men	Women	Total	Men	Women	Total
Total	4	3	7	3	0	3

Table 12 – Total number of new employee hires and employee turnover

	Calculation	2024	2023
Total	(new entries+exits)/average headcount during the year*100	22.73%	22.73%
New employee hires	(incoming employees during the year/employees at the beginning of the year)*100	16.67%	4.26%
Employee turnover	(employees leaving the company during the year/employees at the beginning of the year)*100	7.14%	17.02%

Table 13 – Total turnover of LCM employees

8.1.2. Training

(GRI 404-1)

For LCM, the **development of** the individual **skills** of its employees at all levels is particularly important. Indeed, the company considers the talent and knowledge of each person as one of the main factors in business growth, as well as a means of enhancing the value of the individual and their aspirations.
LCM's commitment to training is confirmed by the quantitative aspect, with 1,477 hours dedicated to employee training in 2024 (Table 15), up 59% compared to the previous year, with an average of over 32 hours per person (Table 16).
LCM offers many non-mandatory training courses with a focus on ESG issues and organises follow-up meetings, creating additional opportunities to share and discuss key issues. The top-down approach adopted by the company, combined with the increasing involvement of employees as internal stakeholders, shows **a proactive commitment to sustainability**, ensuring that sustainable practices are passed on and implemented more efficiently and effectively.
LCM's training offering was broad and diverse in 2024, with training courses covering several topics, including, inter alia:

- Sustainability
- Soft skills
- Supply chain
- HR management
- Marketing
- GMP/GDP/REACH

For additional information on training courses, reference should be made to "Annex 1 – Tables on training".

	2023			2024		
average hours of training per employee	Men	Women	Total	Men	Women	Total
Junior managers	52	52	104	140	109	**248**
White-collar workers	251	574	825	377	852	**1,229**
Total	**303**	**626**	**929**	**517**	**961**	**1,477**

Table 14 – Total hours of non-mandatory training

	2023			2024		
average hours of training per employee	Men	Women	Total	Men	Women	Total
Junior managers	10.4	17.3	13.0	23.3	36.2	**27.6**
White-collar workers	20.9	26.1	24.3	31.4	34.1	**33.2**
Total	**17.8**	**25.0**	**22.1**	**28.7**	**34.3**	**32.1**

Table 15 – Average hours of training per employee

8.1.3. Regular performance and career development review

(GRI 404-3)

LCM Group has adopted an internal system for the **regular performance review** of its employees, in order to maintain their skills and identify any training needs and areas for improvement. The review takes place annually and is based on the following assessment criteria:

- technical skills,
- ability to work as part of a team,
- problem-solving,
- analytical skills,
- proactivity.

The aim is to start from self-assessment and move to a subsequent **mutual comparison** between appraiser and appraisees in order to set the goals to be achieved. The review is based on the five corporate values described in the Code of Ethics and involves monitoring, usually on a quarterly basis.
In 2024, 95% of the employees was subject to a performance review (Table 17). The performance review excluded the two employees hired in October and November. Indeed, given the timing, no structured performance review was deemed necessary as the observation period would have been too short to be significant.

	2023			2024		
total employees who received a regular performance and career development review	Men	Women	Total	Men	Women	Total
Junior managers	5	3	8	6	4	**10**
White-collar workers	12	22	33	10	24	**34**
Total	**17**	**25**	**42**	**16**	**28**	**44**

Table 16 – Total employees who received a regular performance and career development review

8.1.4. Equal opportunities, non-discrimination and deconstruction of prejudice: a constant commitment

(GRI 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 LCM Group's commitment in this area, no incidents of discrimination occurred in 2024.
In 2024, the company began the process to obtain the **UNI/PdR 125:2022 certification on gender equality**, with the goal of achieving it by 2025. This is a major step forward towards promoting an increasingly fair, inclusive and diversity-conscious corporate culture.
The corporate management system for gender equality was launched in the last quarter of 2024 with the appointment of a **steering committee**, the body that ensures compliance with gender equality requirements.
This commitment not only responds to an ethical principle, but also reflects a strategic vision focused on sustainability and social responsibility. Indeed, the UNI/PdR 125 certification enables monitoring and improving the company's equal opportunities policies in a structured manner, fostering a fairer and more respectful working environment.
The company decided to complement this path in 2025 with specific training activities in order to raise awareness and train personnel on critical issues, such as gender equality and the prevention of workplace harassment.
By embarking on this journey, it also adopts concrete tools for internal analysis, measuring progress and setting goals for **continuous improvement in DE&I (Diversity, Equity and Inclusion).**

8.1.5. Focus on people: corporate welfare and well-being

(GRI 401-3)

For the LCM Group, the well-being of its employees is a priority. Consequently, the Group has developed a series of initiatives and practices that **promote a healthy working environment** that protects the physical and mental **well-being** of its employees, and that fosters a **balance between professional and personal life**.
In 2023, LCM launched a specific **welfare** platform for its employees. This project was confirmed and expanded also for 2024 and 2025. The platform provides access to training courses as well as services contributing to employees' *work-life balance*. The services include foreign language courses, which are also available to immediate family members, as well as other personal services, such as travel and wellness experience. Meal vouchers will be introduced in 2025.

In 2024, 3 employees were entitled to and took parental leave and returned to work during the reporting period after the parental leave ended, thus recording a 100% return-to-work rate.

Parental leave	2023			2024		
	Men	Women	Total	Men	Women	Total
Total number of employees that were entitled to parental leave[1]	1	1	**2**	0	3	**3**
Total number of employees that took parental leave	1	1	**2**	0	3	**3**
Total number of employees that returned to work in the reporting period after parental leave ended	1	1	**2**	0	3	**3**
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	0	1	**1**	0	3	**3**

Table 17 – Parental leave in LCM

8.1.6. Remote work

LCM Group management is committed to improving **work-life balance** by adopting flexible working hours and other relevant measures.
In 2021, LCM introduced a *Remote Work Policy and* signed an individual agreement with employees. The company paid particular attention to the creation of the ideal conditions for remote work: appropriate devices were provided to ensure that work could be carried out properly from home. Where necessary, employees were provided with printers and an Internet connection.
In addition to *remote work*, the company also introduced **flexible working hours**, allowing employees to start the working day between 8 and 9 a.m. and work up to 7 p.m..
Employees with a company car can use it for both business and personal use.
A professional insurance policy covers the risk of travel and use of company equipment.

[1] "Total number of employees that were entitled to parental leave" means the number of employees who, during the reporting period, were entitled to parental leave.

8.2. Health and safety

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

For LCM, **respect and protection of workers** are a core value. The Group's employees, collaborators and consultants benefit from a **safe and healthy working environment**, where personal dignity is always maintained and protected, acknowledging that physical and moral integrity are a fundamental asset. Indeed, the LCM Group's business, as a whole, is based on the respect for internationally recognised human rights, with an unwavering commitment to **strict compliance** with current regulations on labour protection and combating any form of illegal employment.

The numbers also confirm this commitment: in 2024, LCM had zero work-related injuries.

Therefore, for the company, full compliance with occupational health and safety regulations is of paramount importance. To this end, it has adopted a management system that promotes occupational safety through **training courses and preventive measures**, and the safety and hygiene of all workers, also assisted by a specialised external consulting company (external RSPP or head of the prevention and protection service).

The company carries out an in-depth **risk assessment**, analysing, inter alia, the risks in the DVR (risk assessment documents) and the DUVRI (single document for the assessment of interfering risks), drawn up by LCM for both the parent and its subsidiaries, in accordance with Legislative decree no. 81/2008. Risk assessment involves constant monitoring of the risks related to the environment and occupational health and safety. The Group also assesses safety, health and hygiene levels with respect to the risks inherent in the management of travel to customers and suppliers, work-related stress and other risks associated with industrial activities. 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.

The corporate bodies of the group companies are aware of their responsibilities and duties and the department heads base their decisions in line with the management and supervisory duties of their respective roles. The decision-making process is based on **criteria of sound and prudent management,** in order to guarantee an efficient and cost-effective use of resources, in full compliance with laws, internal regulations and risk control procedures. A job description is also included in the DVR that clearly defines the responsibilities and key duties of each role.

LCM plans to promote the **active** and responsible **participation** of employees also with respect to occupational health and safety issues. For this reason, with a view to full quality and continuous improvement, it undertakes to focus, where possible and appropriate, to follow up on the suggestions or requests of its employees.
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.

Furthermore, it 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.

In parallel, LCM promotes in-house **prevention** initiatives aimed at raising employee awareness. In 2024, the company made the flu vaccine available to its employees.

In addition, this year, LCM has started a partnership with LILT (a centre specialising in cancer prevention and early diagnosis) at its Sesto San Giovanni office. As part of this partnership, a prevention-oriented training programme is planned for 2025, with the aim of reducing disease-related risks by promoting a healthy lifestyle through proper nutrition and physical activity. In addition, a company agreement is being considered for check-ups with LILT at discounted rates for employees.

8.3. Creating shared value

(GRI 413-1)

LCM Group stands out for its strong commitment to creating **shared value** through strategic partnerships with various local entities.

Given the international nature of its business, LCM has adopted a centralised approach to social initiatives. These are managed at group level by LCM S.p.A. to ensure the greatest possible scope and positive impact on local communities.

With respect to study and research, LCM collaborates with the **University of Milan** on laboratory studies on raw materials and promotes pathways for cross skills and orientation (PCTO) with schools in Sesto San Giovanni, fostering the integration of high school students into the world of work. In addition, it donated second-hand IT equipment to local schools (e.g., PCs).

With respect to communities, since 2017 LCM has contributed to **Associazione Amici di Marco**, which is active in Africa, particularly in Eritrea. The association's mission is focused on financing work on infrastructure such as schools and church youth clubs, water purification and hygiene in general, and providing food, materials and machinery.
Sport is in LCM's DNA. Indeed, the company has regularly sponsored the Genoa water polo team **Sporting Club Quinto** since 2014. Furthermore, it supports other initiatives where sport is seen as a way of nurturing health and interpersonal relationships. Other initiatives will be part of a CSR campaign over the next two years as per the Group's sustainability strategy. These include local information events on health and prevention, areas for listening and discussion, and collaborations in cultural welfare projects to enhance the pedagogical dimension and as a promoter of well-being.

Management of corporate events and participation in trade fairs were increasingly focused on sustainability, privileging organisers and suppliers that adopt ESG-oriented practices. Indeed, the communications agency that handles the Group's corporate communications has been B-Corp certified since 2021.
In addition, the company decided to replace corporate gifts with initiatives with a greater social impact, engaging stakeholders in generative projects.

Activities		
%	2023	2024
Percentage of social activities with local community engagement, impact assessments, and/or development programmes	67%	67%

Table 18- Percentage of activities with local community engagement, impact assessments, and/or development programmes

8.4. Membership associations

(GRI 2-28)

In order to further strengthen the **collaboration between all players in the sector** in which the Group operates, LCM has joined the most authoritative associations, including:

- ASSICC – Italian Chemical Trading Association
- AICE – Italian Association of Foreign Trade
- Assointegratori
- SICC – Italian Society of Chemistry and Cosmetological Sciences

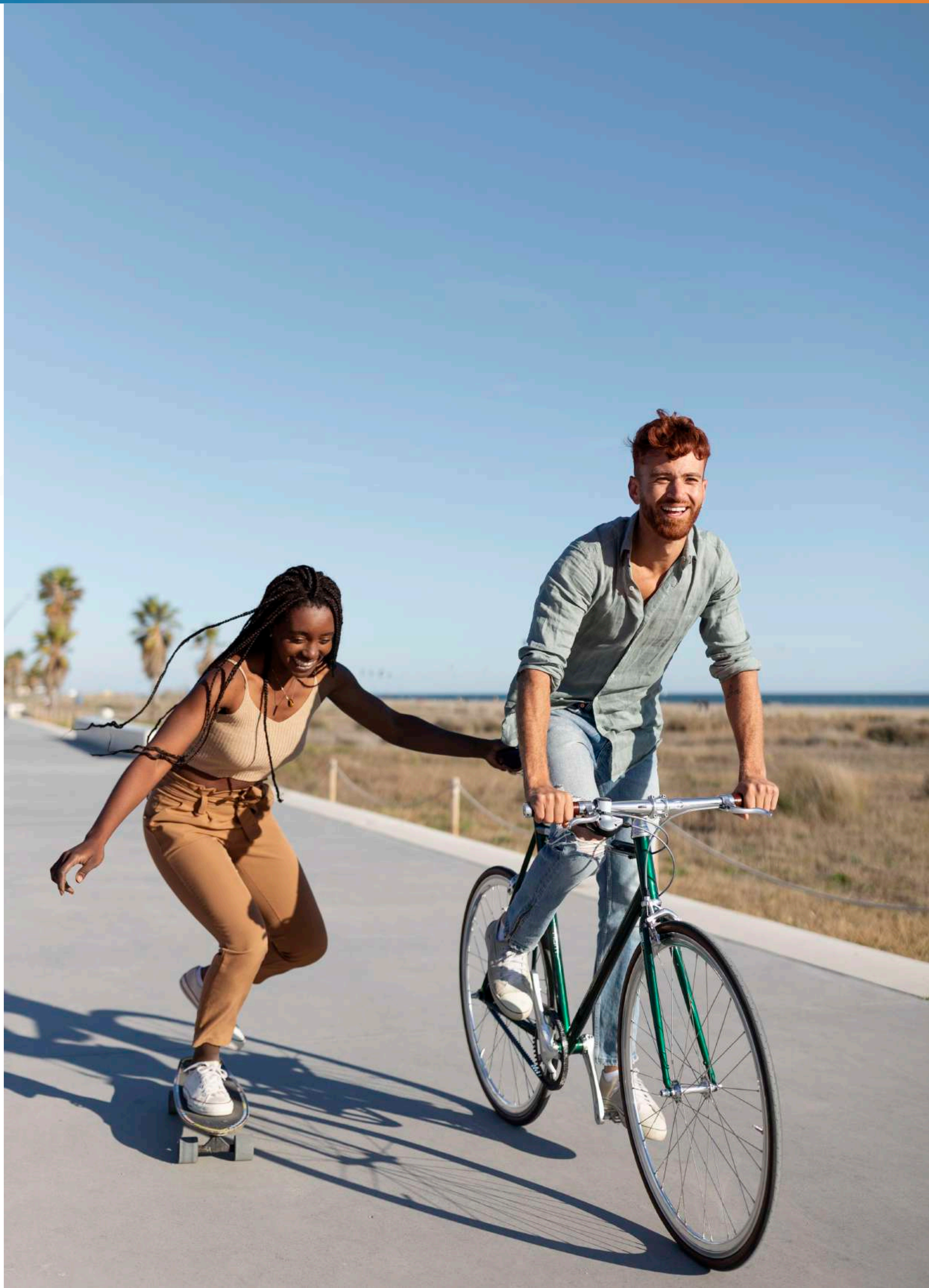
Since 2007 LCM has been a member of **ASSICC**, a landmark in Italy's chemicals industry for more than 75 years which represents companies operating in the trade as manufacturers and distributors of chemical products, distribution service providers and professionals. By proactively participating in the 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.

Since 2012 the LCM Group has also been a member of **AICE** which since 1946 has been 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.

Since 2024 LCM has been a member of the **Assointegratori** association, which promotes the association of companies operating in the food supplement supply chain, from research to the production and marketing of these products and related services. It is a non-profit making association that carries out activities for the benefit of its members and the relevant scientific community, with the aim of growth and protection, through updates and collaborations.

LCM has been a member of **SICC** for more than 5 years. This is an independent, non-profit making organisation whose mission is to improve the well-being of all stakeholders in the supply chain through the dissemination and development of cosmetic science. It is a scientific association that brings together technologists, researchers and professionals and promotes its goals by organising scientific and cultural events, training courses, scientific publications and by participating in technical-scientific groups. Since 2019 LCM has also been a member of **Cosmetica,** the National Association of Italian Cosmetic Companies.

Finally, the Group has been a member of the **Round table on Sustainable Oil – RSPO** since 2018 and actively participates in the **InterReachSupport (IreS) working group**, which aims to facilitate and support members in fulfilling their obligations under the REACH and CLP Regulations and related regulations.



9

Innovation is a surprise every day.

Sustainable innovation and digitalisation: building the future with creativity and responsibility

In its application laboratory in Monza, LCM's cosmetics division carries out **study and research activities** to develop more sustainable formulations for its customers' products. Consequently, the Group can respond to the **trends and growth opportunities** of its partners, while making progress in innovation and sustainability, also in collaboration with researchers at the Milan and Ferrara universities.

Research activities include, in particular, the project on innovative **personal protective equipment,** which led to the marketing of a **certified, sustainable** product designed to guarantee new levels of protection for healthcare workers.

The uniforms are made in Italy using polyester containing zinc oxide smelted into the weave of the fabric, with antiviral and antibacterial properties. Compared to cotton garments, they withstand up to 90 washes at low temperature and do not require ironing, thus increasing the life of the garment. These uniforms are an alternative to the common disposable ones or with up to 50 washes, saving energy and resources.

The Group is investing significant resources in a technical-scientific activity aimed at providing information on the containment of care-related infections and promoting viable solutions to remedy a major social problem.

9.1. Digitalisation, smarter and more transparent processes

LCM believes in the value of **technology** when this is based on **strong and transparent ethical-moral principles**.
The company has always operated with a proactive approach towards the use of digital tools in order to monitor results and opportunities. At the same time, the **transition to a sustainable business model** assumes the implementation of a *data science* and *reporting* system equally focused on ESG criteria. The information managed by LCM is a valuable resource, which would remain inert and would not generate any value if not properly analysed and enhanced.

For these reasons, LCM has been investing in **digitalisation** for years in order to develop smarter and more transparent processes through the introduction of software to support daily operations. The company has selected *software* that supports a forecast-oriented mindset as the key to success for both financial and sustainability forecasting. The selected programmes are being used by prestigious companies and corporations, many of them operating in the *lifescience* sector, giving them a significant competitive edge.

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.

With respect to digitalisation, two modules (*Document Management System* and *Training Management System*) of the *Trackwise Digital*software were activated in 2024.For the purposes of its **Electronic Quality System Management** (EQMS), the Group has invested in this software that allows for the digital management of complaints, non-conformities, change control, CAPA and audits.

In 2025, LCM planned to migrate to the upgraded Microsoft ERP version, Dynamics365 (Business Central), from the current Microsoft Dynamics NAV, providing for the monitoring of data relevant to ESG-reporting.

Again in 2025, LCM confirms its commitment to the digital transformation process and plans to further consolidate a *digital friendly model*. Its priority objectives include the significant reduction of paper use in favour of more sustainable and efficient processes within the company.
At the same time, the Group will strengthen its **cybersecurity** system. Indeed, it is aware of the crucial importance of protecting data and digital infrastructure in an increasingly interconnected and vulnerable environment.

As of October 2024, LCM has been subject to the European Cybersecurity Directive (Network and Information Security – NIS), which introduces a common regulatory framework aimed at improving cybersecurity and ensuring consistent resilience across the EU. This directive introduces stringent requirements in terms of preventing, monitoring and responding to cyber incidents and requires companies to take advanced measures to protect their systems.
In response to these needs, LCM has already launched a structured programme to strengthen cybersecurity, which will be further expanded in 2025. The aim is to create a secure and resilient digital environment, capable of protecting sensitive information, ensuring business continuity and supporting business growth in a constantly changing technological landscape.

10

A step forward, every day.

Environmental responsibility: a shared commitment

The LCM Group considers environmental protection a founding principle of its ethical conduct. Accordingly, it has formalised it in the Codes of Ethics and Conduct (art. 24). Although LCM is a commercial and not a manufacturing organisation, environmental sustainability is a strategic lever for business development. Consequently, the company is aware of its responsibility vis-à-vis the environment and future generations.

LCM has adopted a pragmatic and progressive approach to sustainability, gradually integrating it into its internal processes. This evolution confirms the growing awareness of ESG topics, which translates into the promotion of responsible behaviour, responsible decisions and careful use of resources. The aim is to consolidate a sustainability-oriented corporate culture, capable of generating long-term value.

LCM has undertaken concrete steps, including the gradual transition to **energy procurement from renewable sources**, with is currently being implemented, and the **conversion of the company fleet with hybrid and full electric vehicles**.
The process of digitalisation and implementation of *lean management*continues, with a focus on reducing paper consumption in cross-functional processes and day-to-day activities by adopting recycled paper and promoting procedures that limit unnecessary e-mails.

In 2024, the company confirmed the extension of the reporting system to **Scope 3 GHG emissions** (for additional information, see the relevant paragraph) and the launch of a questionnaire-based advanced supply chain monitoring to examine environmental policies, strategies and actions, as well as supplier certifications.

In the first half of 2024, Divisional Managers were provided with specific training in Scope 3 emissions, and in the second half of the year, sustainability training in general was provided to all company staff.

Biodiversity has no direct impact as LCM does not carry out production activities. However, it has collaborated with research studies on raw materials and herbal extracts with Italian universities.

In 2025, LCM will be committed to reducing the use of plastic in offices, in addition to concrete awareness-raising actions for all employees (internal and external). Furthermore, it launched a continuous training programme on the responsible use of technology and the sustainable management of information flows in order to promote "emotional intelligence" that facilitates well-being, balance and successful relationships between people.

10.1 A key point: energy management

(GRI 302-1)

The Group mainly uses electricity and natural gas in its offices as well as transport diesel and petrol.

LCM's primary goal is to progressively increase the use of renewable energy sources by **purchasing energy covered by Guarantees of Origin (GO)**. In this respect, already at the end of 2023, the company had undertaken a strategic review of its energy supply contracts for the full transition to energy from renewable sources of all the offices it controlled directly. In particular, with respect to the offices at Via Mazzini 33 in Sesto San Giovanni (Milan), the contract for the purchase of energy from renewable sources was activated in March 2024, while the new contract for the offices at Via Caravaggio 19 in Monza (Monza Brianza) became effective in May 2024.
Any residual consumption of non-renewable energy refers to offices not directly controlled by the company (e.g., co-leases or leases), over which LCM has no contractual autonomy in choosing the energy provider.
In addition, for the past 20 years, LCM has been using the energy produced by the **solar panels** installed on the roof of its head offices, with a total capacity of 48.6KW.

With respect to fleet and business travel – which form an integral part of the Group's business activity – LCM has started the progressive renewal of its fleet. At the end of 2024, the fleet consisted of 26 vehicles, 4 of which were owned and 22 leased: 4 petrol-powered, 13 diesel-powered, **7 hybrid vehicles and 2 full electric vehicles**. Consequently, hybrid and electric vehicles account for 35% of the total, up considerably compared to 2023, when the fleet was still almost entirely composed of fossil-fuelled vehicles[2].

[2] In 2023, there was only one hybrid vehicle.

The adoption of electric vehicles went hand in hand with the installation of **two charging stations** at the main offices. Recharging takes place almost exclusively with energy from renewable sources, thanks to the photovoltaic system and the purchase of guarantees of origin (GO).

In 2024, the emissions attributable to the company's entire fleet stood at around 69 tonnes of CO_2e.

Energy data were collected for all sites included in the reporting boundary by consulting and standardising the available official documentation, such as bills, declarations issued by energy providers and photovoltaic system operators. Where no actual figures were available, estimates were made, as indicated in the footnote to Table 19.

Energy consumed in 2024

Energy consumed within the organisation Ref. GRI 302-1	U.M.	2023[3]	2024[4]
Consumption from non-renewable energy sources	**GJ**	**2576.35**	**1735.72**
Energy purchased*	GJ	192.98	71.16
Petrol**	GJ	524.77	385.29
Diesel	GJ	996.56	571.32
Natural gas***	GJ	862.03	707.95
Consumption from renewable energy sources	**GJ**	**76.11**	**194.21**
Energy purchased	GJ	0.00	121.24
Photovoltaic energy	GJ	76.11	72.96
Total consumed energy	**GJ**	**2652.46**	**1929.93**

Table 19- Energy consumed within the organisation

[3] Conversion factor: DEFRA, Greenhouse gas reporting: conversion factors 2023
Energy consumed at the leased data bridge office at Via Mazzini 33 has been estimated, as it is included in the leases. Estimate based on the average consumption of the other offices, according to the number of square metres.
Petrol consumption also includes the consumption of the hybrid vehicle.
The natural gas consumption for the offices at Via Falck 16 and Via Mazzini 33 in Milan has been estimated on the average consumption of the other offices and according to the number of square metres.

[4] Conversion factor: DEFRA, Greenhouse gas reporting: conversion factors 2024
The natural gas and energy consumption for the office at Via Falck 16 – 20099 Sesto San Giovanni (Milan) has been estimated on the average consumption of the other offices and according to the number of square metres.
Natural gas consumption includes an estimated 50% of the bill for the utility at Via Caravaggio, Monza. The utility is in the name of another company with which costs are shared equally (50%), assuming also an equal share of consumption.
The calculation methodology for the company fleet has changed from 2023. In particular, for a more accurate measurement, the approach was improved by replacing the kilometres travelled with the litres of fuel and kWh of electricity effectively consumed.

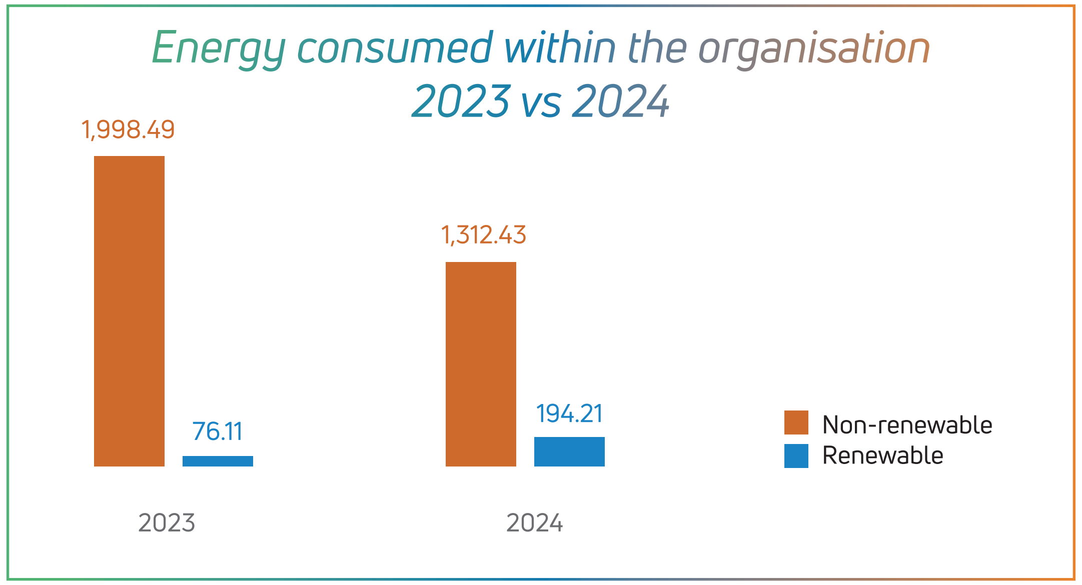


Chart 4 – Energy consumed by LCM 2023 vs 2024[5]

10.2. Emissions: monitoring and continuous improvement

(GRI 305-1/2/3/5)

Scope 1 and 2
LCM's greenhouse gas (GHG) emissions are broken down according to the guidelines provided by the *GHG Protocol Corporate Accounting and Reporting Standard*, which distinguishes between direct (Scope 1) and indirect (Scope 2) emissions. Scope 1 emissions include those generated from sources that are owned or controlled by the organisation, such as fuel consumption for company vehicles and heating, while Scope 2 emissions arise from the purchase of electricity, heat, cooling or steam used in operations.

Scope 2 emissions are calculated in accordance with two main calculation methods: location-based and market-based.

The Scope 2 location-based method refers to emissions from purchased electricity based on the average carbon intensity of the electricity grids in which the organisation is included. This method considers the mix of energy sources (renewable and non-renewable) feeding the grid at local level.

[5] As shown in Table 19, total energy consumed in 2023 amounted to 2,652.46 GJ and included all operating offices within the reporting boundary that year. However, for the sole purpose of comparison with 2024, a comparable figure was recalculated excluding the energy consumed at the Via Mazzini 33 and Via Mazzini 19 offices in Sesto San Giovanni (Milan). These are no longer operational and therefore have not been included in the reporting boundary for the subsequent year. The recalculated value for 2023, used only to ensure consistency for time-based and reporting boundary purposes, amounted to 2,064.60 GJ, of which 1,988.49 GJ from non-renewable sources and 76.11 GJ from renewable sources.

On the other hand, the Scope 2 market-based method calculates emissions based on the organisation's contractual choices, such as purchasing energy from renewable sources, certified through Guarantees of Origin (GO), or other forms of specific agreements with energy providers.

LCM's **Scope 1** emissions come mainly from three sources: fuel consumption for the company fleet (including petrol, diesel and hybrid vehicles), the use of natural gas for office heating, and fugitive emissions from refrigerant gas leaks in air conditioning equipment. On the other hand, **Scope 2** emissions are directly associated with the consumption of the energy powering company offices and electric vehicles.

Scope 1[6] emissions amounted to 109.67 tCO2e, accounting for approximately 90% of total Scope 1 and 2 emissions. Scope 2 emissions calculated under the location-based method amounted to 12.03 tCO2e, while those calculated under the market-based method were 8.72 tCO2e (Table 21).

In 2024, LCM undertook significant improvements in its operations in order to reduce its GHG emissions. Energy purchased from renewable sources was a crucial step as it resulted in the **reduction in Scope 2 market-based emissions compared to the previous year (down by approximately 66[7]%)**. The adoption of renewable energy further contributes to the company's other sustainability efforts, such as the use of electric vehicles, which are also powered by renewable energy as they are mainly recharged at company offices.

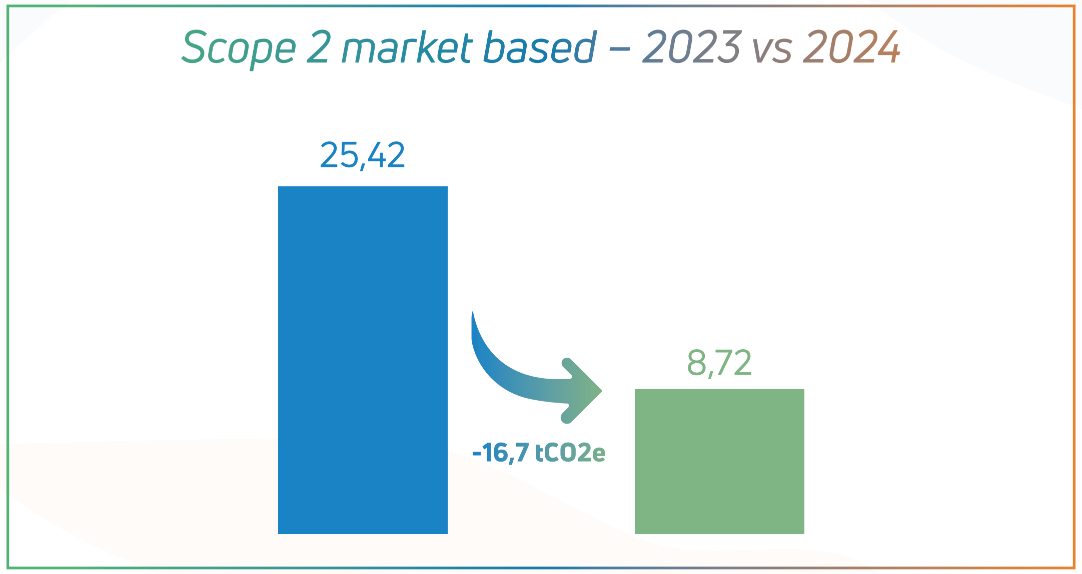


Chart 5 – Scope 2 market based – 2023 vs 2024

[6] The methodology for calculating Scope 1 emissions for the company fleet has changed from 2023. In particular, for a more accurate measurement of emissions, the approach was improved by replacing the kilometres travelled with the litres of fuel and kWh of electricity effectively consumed.

[7] As shown in Table 20, in 2023, Scope 2 market-based GHG emissions totalled 26.83 tCO_2e and included all operating offices within the reporting boundary that year. However, for the sole purpose of comparison with 2024, a comparable figure was recalculated excluding the emissions of the Via Mazzini 33 and Via Mazzini 19 offices in Sesto San Giovanni (Milan). These are no longer operational and therefore have not been included in the reporting boundary for the subsequent year. The recalculated value for 2023, used only to ensure consistency for time-based and reporting boundary purposes, amounted to 25.42 tCO_2e.

Scope 1 and Scope 2 GHG emissions GRI 305-1/2	U.M.	2023[8]	2024[9]
Total market-based GHG emissions (Scope 1, Scope 2)	tCO_2e	159.84	118.39
Total location-based GHG emissions (Scope 1, Scope 2)	tCO_2e	146.52	121.69
Direct (Scope 1) GHG emissions	tCO_2e	133.01	109.67
Indirect (Scope 2) GHG emissions from energy consumption - market-based	tCO_2e	26.83	8.72
Indirect (Scope 2) GHG emissions from energy consumption - location-based	tCO_2e	13.51	12.03

Table 20 Scope 1 and Scope 2 GHG emissions

[8] Scope 1 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2023
Scope 2 location-based emission factor: EEA, Greenhouse gas emission intensity of electricity generation in Europe, 2023
Scope 2 market-based emission factor: AIB, European Residual Mixes. Results of the calculation of Residual Mixes for the calendar year 2023

[9] Scope 1 emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024
Scope 2 location-based emission factor: EEA, Greenhouse gas emission intensity of electricity generation in Europe, 2024
Scope 2 market-based emission factor: AIB, European Residual Mixes. Results of the calculation of Residual Mixes for the calendar year 2024
The fugitive emissions for the office at Via Falck 16 – 20099 Sesto San Giovanni (Milan) are not available.

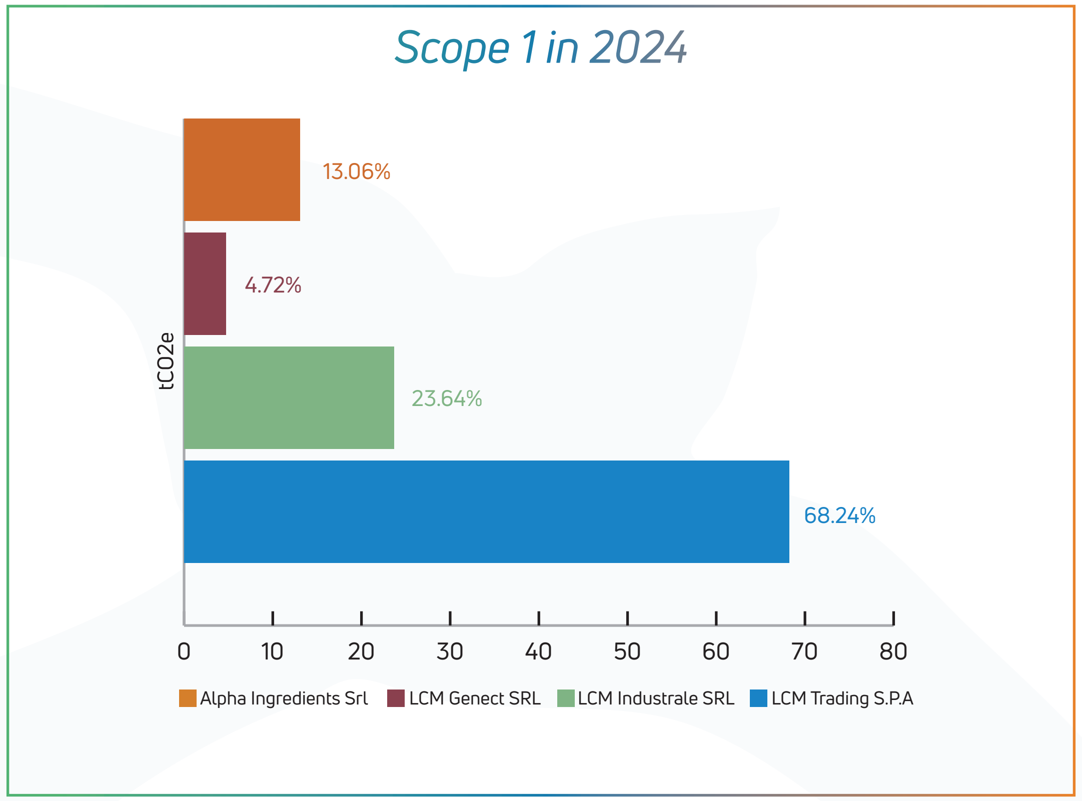


Chart 6- Total Scope 1 emissions by company (2024)[10]

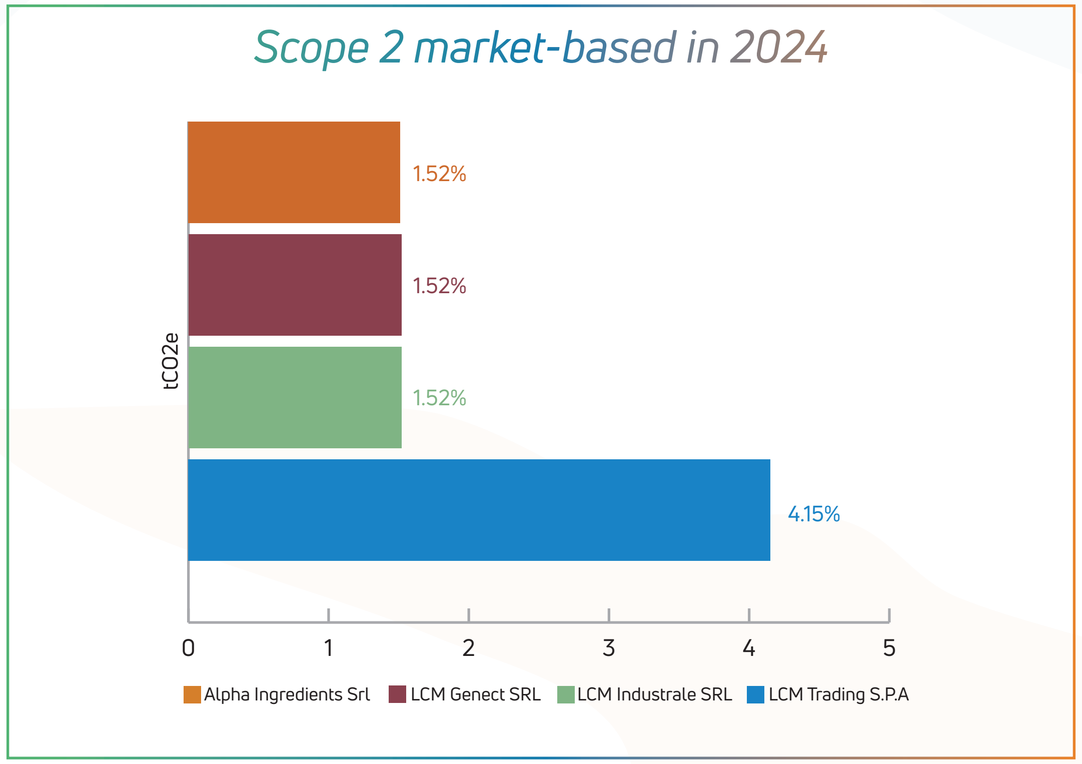


Chart 7 – Total Scope 2 market-based emissions by company (2024)

[10] Natural gas consumption at the offices at Via Falck 16 – 20099 Sesto San Giovanni (Milan) was split between LCM Industriale, ALPHA Ingredients and LCM Genect (1/3).

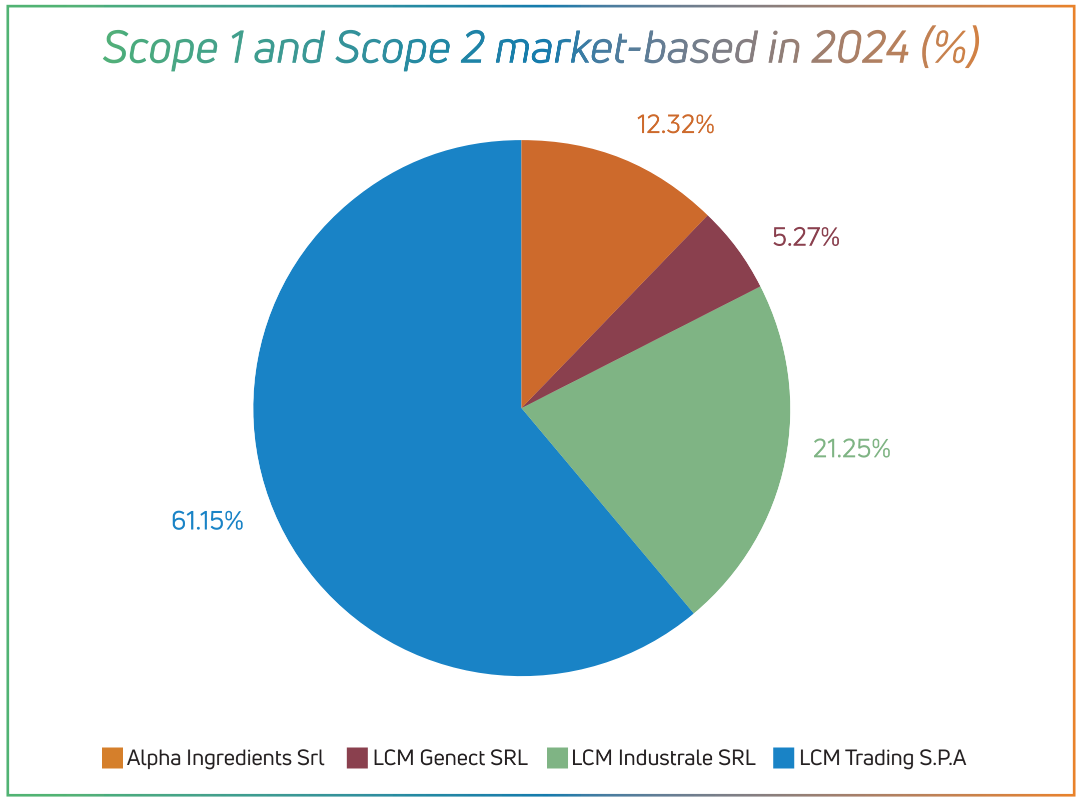


Chart 8 – Total market-based Scope 1 and Scope 2 emissions (2024) by company (%)

Scope 3

In 2024, LCM took a first significant step in calculating its **Scope 3** GHG emissions, in line with the international standards set out in the *GHG Protocol – Corporate Value Chain (Scope 3) Standard*. This is a fundamental step forward in the analysis of the overall carbon footprint of the Group's operations, products and supply chain, contributing to a more comprehensive and transparent picture of the environmental impact.

To this end, LCM also participated in a training course on sustainability reporting with a focus on Scope 3, to strengthen in-house skills and ensure greater awareness of the methodological and regulatory requirements related to indirect emissions reporting.

The calculation of Scope 3 emissions was developed with the participation of key internal and external stakeholders, including raw material suppliers, corporate purchasing, accounting and logistics managers and employees at the various offices. Data was collected through specific interviews and questionnaires, ensuring a comprehensive and representative collection of information on the main sources of emissions along the value chain.

Each of the Scope 3 categories identified was subject to a materiality assessment based on specific impact criteria and the characteristics of the company operations. Material categories were confirmed in the reporting boundary, excluding those that were not material.
In line with the adopted approach, the following Scope 3 emission categories were identified and reported:

Category 1 – Purchased goods and services: this category includes all greenhouse gas emissions generated along the upstream value chain from the production of goods and services purchased by the organisation. These emissions include, for example, mining, cultivation, processing, transport and production of materials and components prior to their acquisition by the company.

For the LCM Group they were calculated considering the raw materials purchased during 2024 by the four companies included in the reporting boundary (L.C.M. S.p.A., L.C.M. Industriale S.r.l., Alpha Ingredients S.r.l. and LCM Genect S.r.l.). The analysis was based on the effective quantities of products purchased. With respect to the items accounting for 80% by weight of total purchases, the most specific emission factor available was identified, selected from primary data provided by suppliers through LCA studies or certified product carbon footprints, or figures taken from official commercial databases (Ecoinvent 3.10.1), choosing the most representative factor according to the type of product.
A generic emission factor was used for the remaining 20% of purchases, which was selected within the same database according to the chemical-organic or chemical-inorganic product classification.

Category 2 – Capital goods: this category includes emissions associated with the production of capital goods purchased by the organisation. Capital goods are durable physical assets, used for more than one year, necessary for the performance of the company's operations (e.g., plant, machinery, equipment, furnishings).

In order to calculate the emissions in this category, the LCM Group has adopted a spend-based approach, associating emission factors based on the NACE categories of Eurostat Consumption-based accounting tool (in kg CO_2e/€) with the expenditure incurred to purchase capital goods. In 2024, the capital goods purchased related exclusively to L.C.M. S.p.A. and LCM Genect S.r.l.: the former made investments in electronic office machines, furniture and furnishings, specific machinery and equipment, patent rights and other durable goods; the latter purchased bench equipment granted to two customer laboratories on a free-loan basis. During the reporting period, LCM Industriale S.r.l. and Alpha Ingredients S.r.l. did not purchase any capital goods.

Category 3 – Fuel and energy-related activities: this category includes indirect emissions associated with the production and distribution of energy purchased and consumed by the organisation, including extraction, processing, transportation and grid losses. It covers upstream emissions of electricity, fuel and other energy carriers used, excluding direct emissions (Scope 1) and emissions from electricity consumption (Scope 2).

The LCM Group calculated category 3 emissions based on the same primary data used for reporting Scope 1 and Scope 2 emissions, i.e., the volumes of fossil fuels and energy consumed by the four group companies. The upstream emission factors provided by DEFRA 2024 were applied to these data.

Category 4 – Upstream transportation and distribution: this category includes all greenhouse gas emissions associated with the transportation and distribution of purchased goods along the value chain before these goods arrive at the company. It includes both transportation carried out by third-party carriers and that carried out by suppliers, regardless of the mode of transport used (road, sea, air or rail) and whether transportation costs are included in the price of the goods purchased. This category also includes all transportation to end customers (downstream distribution), the cost of which is borne by the company and, therefore, under its direct control. With respect to LCM, as all downstream transportation falls within category 4, category 9 (downstream transportation and distribution) was not reported.

Primary data was collected and calculated in different ways. For all upstream transportation, the quantities by weight purchased per country were available and, using an internal calculation tool, the distances between the capital city of the relevant country and the LCM office of arrival were calculated. According to a conservative approach, road transport (lorries) was considered for all routes, except for non-continental ones. In the latter case, transport by ship was associated for 90% of the distance and lorries for the remaining 10%. DEFRA 2024 emission factors were used.

With respect to downstream transportation, where possible, the calculation reports were collected from carriers. Three circumstances can be identified. If the figures sent by the carrier included emission calculations, the primary data used related to Kg CO_2eq. In some cases, the carriers' reports only included the distance travelled and the weight carried; consequently, the DEFRA 2024 emission factors were associated with the primary data collected. Again, in order to apply a conservative approach, transport by ship was only considered for distributions outside Italy. Finally, with respect to carriers who did not provide reports containing primary data, their emissions were estimated on the expenditure figure using the spend-based factor of Eurostat Consumption-based accounting tool.

Category 5 – Waste generated in operations: this category includes greenhouse gas emissions associated with the final treatment of solid and liquid waste generated by the organisation's operations, from collection to treatment or disposal, regardless of whether these activities are performed internally or by third parties. This category covers all modes of waste treatment (e.g., landfill, incineration, recycling and composting).

For the LCM Group, the emissions in this category were calculated using data in kg relating to the types of waste actually disposed of by the four companies. Each type of waste was associated with a specific emission factor (kg CO_2e/kg of waste) taken from the DEFRA 2024 database. These factors also include the emissions related to the transport of waste to the respective treatment facilities.

Category 6 – Business travelling: this category includes greenhouse gas emissions associated with business travel by the organisation's employees, excluding journeys to and from work. It includes travel by plane, train, hire car or other means of transport carried out for business purposes and not covered by other categories.

The LCM Group adopted a spend-based approach to calculate Category 6 emissions, using an emission factor per monetary unit of expenditure. The primary data used related to the total cost of travel and transfer expenses, including meals, incurred by LCM during the reporting year.

The emission factor used is taken from the US Environmental Protection Agency's Supply Chain Factors Dataset v1.3. The primary data, expressed in euro, was translated into US dollars using the Bank of Italy's official exchange rate.

Category 7 – Employee commuting: this category includes emissions from employees' daily commuting between their homes and workplaces.

The LCM Group calculated Category 7 emissions by means of a questionnaire addressed to employees to collect data on the distance travelled, the means of transport used, vehicle characteristics, frequency of remote work and other relevant information. The responses received from 47 employees were subsequently redetermined based on the entire company population of 50 workers (46 employees and 4 directors).

The calculation took into account 250 working days per year, including the estimated emissions related to remote work, which accounts for more than 30% of annual working hours. The DEFRA 2024 emission factor database was used to estimate emissions.
The data collected will be continuously updated and improved over the next few years in order to optimise measurement accuracy and make increasingly informed decisions.

Total Scope 3 GHG emissions account for 99.93% of total emissions (Scope 1, 2 and 3 market-based) and amount to 158,273.76 tCO2e (Table 22). Category 1 (Purchased goods and services) has the largest impact (94.77%) of total Scope 3 emissions.

Scope 3 in tCO2e and as a % in 2024

Category 1 – Purchased goods and services	**94.77%**	149,988.53
Category 2 – Capital goods	**0.01%**	18.76
Category 3 – Fuel and energy-related activities	**0.02%**	27.20
Category 4 – Upstream transportation and distribution	**5.11%**	8,090.15
Category 5 – Waste generated in operations	**0%**	0.49
Category 6 – Business travelling	**0.07%**	115.41
Category 7 – Employee commuting	**0.02%**	33.22
	Total	158,273.76

Scope 3 GHG emissions GRI 305-3	U.M.	2024
Total (Scope 3) GHG emissions	**tCO_2e**	**158,273.76**
Category 1 – Purchased goods and services[11]	tCO_2e	149,988.53
Category 2 – Capital goods[12]	tCO_2e	18.76
Category 3 – Fuel and energy-related activities[13]	tCO_2e	27.20
Category 4 – Upstream transportation and distribution[14]	tCO_2e	8,090.15
Category 5 – Waste generated in operations[15]	tCO_2e	0.49
Category 6 – Business travelling[16]	tCO_2e	115.41
Category 7 – Employee commuting[17]	tCO_2e	33.22

Table 21 – Scope 3 GHG emissions

[11] Emission factors: Ecoinvent v.3.10.1, LCA and CFP studies provided by suppliers
[12] Emission factors: Eurostat Consumption-based accounting tool
[13] Emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024
[14] Emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024, Eurostat Consumption-based accounting tool
[15] Emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024
[16] US Government, Environmental Protection Agency, Supply Chain Factors Dataset v1.3. Scheduled passenger air transportation 2022
[17] Emission factor: DEFRA, Greenhouse gas reporting: conversion factors 2024

Market-based Scope 1, 2 and 3 GHG emissions GRI 305-1/2/3	tCO2e	%
Total market-based (Scope 1, 2 and 3) GHG emissions	**158,392.15**	**100%**
Total (Scope 1) GHG emissions	109.67	0.069%
Total market-based (Scope 2) GHG emissions	8.72	0.006%
Total (Scope 3) GHG emissions	158,273.76	99.925%

Table 22 – Total market-based GHG emissions in 2024

Location-based (Scope 1, 2 and 3) GHG emissions GRI 305-1/2/3	tCO_2e	%
Total location-based (Scope 1, 2 and 3) GHG emissions	**158,395.46**	**100%**
Total (Scope 1) GHG emissions	109.67	0.069%
Total location-based (Scope 2) GHG emissions	12.03	0.008%
Total (Scope 3) GHG emissions	158,273.76	99.923%

Table 23 – Total location-based GHG emissions in 2024

Biogenic emissions

As set out in the *GHG Protocol – Corporate Value Chain (Scope 3) Standard*, CO_2 biogenic emissions have been calculated separately from the main inventory. Products of plant origin are LCM's main source of biogenic CO_2. For these substances, Ecoinvent's emission factor was split to calculate biogenic emissions separately and include the remaining share in the main inventory. As shown in Table 25, total biogenic emissions amount to 500.32 tCO_2e.

Scope 3 biogenic emissions GRI 305-3	U.M.	2024
Total biogenic CO2 emissions	tCO_2e	500.32

Table 24 – Biogenic emissions

The carbon border adjustment mechanism (CBAM)

The **Carbon Border Adjustment Mechanism (CBAM)** was introduced by the European Union in order to prevent *carbon leakage*[18] and promote fair competition between European and imported products. The mechanism provides for the application of a carbon price to goods imported from emission-intensive non-EU countries. Consequently, the CBAM also supports the transition to a low-emission economy along global value chains.

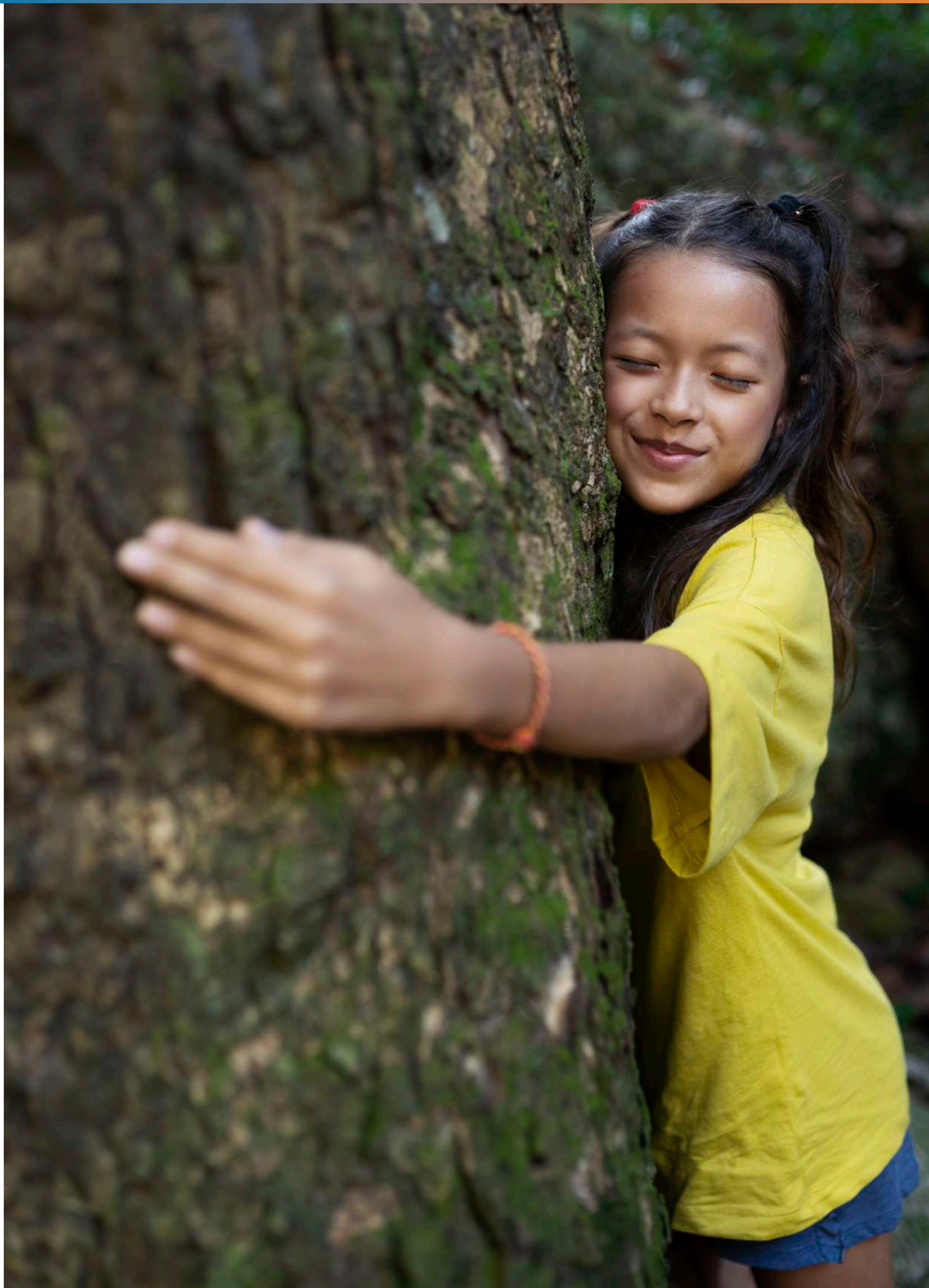
Currently in a transitional phase (2023-2025), under the CBAM, importers must report quarterly on the emissions from the relevant goods, without the need to purchase certificates. From 2026, companies will have to surrender CBAM certificates to offset these emissions.

In 2024, the LCM Group began monitoring customs items subject to the CBAM, identifying two potentially relevant categories. However, during the year, these items were not imported from non-EU countries. Consequently, there was no need to manage CBAM certificates in 2024.
In order to ensure continuous and timely monitoring of regulatory developments and possible operational consequences, the Group is currently drafting an internal CBAM monitoring and management procedure to be applied to future imports of products subject to this mechanism.

LCM plans to participate in educational webinars in 2025 in order to strengthen its in-house expertise in view of the full application of the mechanism, thereby confirming its focus on this topic and its approach based on continuous improvement.
Furthermore, in order to improve clear reporting and proactively manage regulatory risk, LCM has introduced a specific indicator in the environmental monitoring system:

Percentage of purchased products subject to CBAM in 2024: 0%, given the lack of non-EU imports falling under the categories currently covered by the mechanism.

[18] *Carbon leakage* may occur when, due to restrictive climate policies in a country or region (such as the EU), companies shift production to countries with less stringent environmental regulations.



10.3. Commitment and responsibility in waste management

(GRI 306-1/2/3)

Waste management organisation and reporting in the LCM Group improved during 2024. Despite operating in a non-productive environment, LCM has strengthened its internal practices, ensuring proper and tracked management of waste generated at the company sites.

This activity is mainly focused on waste collection in offices and common areas. No hazardous waste is produced, except for empty toners, which are collected and disposed of directly by the relevant lease company.

Marketed goods may be rejected due to damage caused by transport or storage, expiry of raw materials or batches that do not meet delivery standards. These materials, if not recoverable, are moved to special storage areas and subsequently disposed of by specialised operators, in collaboration with the Group's logistics partners. Management complies with specific regulatory criteria, classifying waste according to EWC codes and physical condition.

LCM adopts preventive strategies that reduce waste by monitoring products' shelf-life, spot checks on pre-batch specifications and regular audits of logistics companies to assess the service quality. In order to further strengthen the effectiveness of its actions, the company has included an indicator among sales managers' evaluation criteria that covers warehouse management, focusing on the reduction of past due goods, product inventory and logistics performance.

In 2024, all group companies completed their registration with the RENTRI system for the digitalisation of waste management. Five staff members from the Administration and Regulatory departments were specifically trained to ensure adequate supervision of the system.

Data on waste production was collected individually for each group company, based on the waste identification forms required by law.
In 2024, 1.96 tonnes of non-hazardous waste were generated and no hazardous waste was recorded (Table 25). All waste generated was directed to disposal.

Waste generated GRI 306-3	U.M.	2024
Total waste generated	t	**1.96**
Non-hazardous waste generated	t	1.96
EWC 070608	t	0.10
EWC 150110	t	0.004
EWC 150202	t	0.03
EWC 160214	t	0.24
EWC 160305	t	0.65
EWC 160306	t	0.79
EWC 180109	t	0.14
Hazardous waste generated	t	**0.00**

Table 24 – Total waste generated in 2024

10.4 Materials and packaging: transparency, traceability and future commitments

(GRI 301-1)

In 2024, the LCM Group began reporting on the use of materials and packaging, acknowledging the importance of responsible resource management along the entire value chain. This commitment is part of the broader sustainability path undertaken by the company to improve traceability and efficiency in the use of raw materials and packaging.

Chart 9 shows a breakdown of materials purchased, distinguishing between renewable and non-renewable raw materials[19].

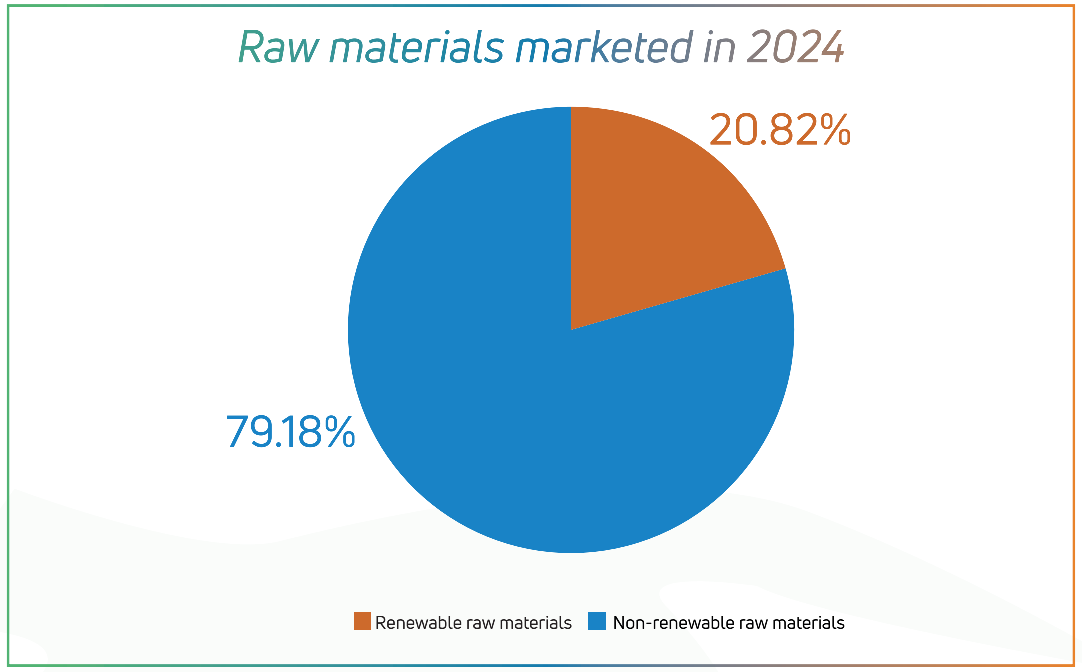


Chart 9 – % of raw materials marketed in 2024 broken down by renewable and non-renewable materials

Raw materials are packaged using different types of packaging, selected according to product characteristics and storage and transport requirements. Common packaging includes steel or aluminium drums, plastic containers (cans, drums), paper bags and boxes and wooden or plastic pallets.

[19] The volume of materials purchased have not been reported for reasons of confidentiality related to the business model and to protect strategic information. Furthermore, the calculation only considered the volumes purchased and subsequently marketed. However, raw materials used for sampling activities were not included, as they were not representative of the material flows effectively purchased during the year.

In 2024, the periodic statements submitted to CONAI (Italy's packaging consortium that coordinates the extended producer responsibility system for the recovery and recycling of packaging) indicated a total of approximately 484 tonnes of packaging placed on the domestic market through imports by LCM. According to these figures, the percentage composition of packaging was 40.4% steel, 32.8% paper, 17.5% plastic, 7.4% wood and 1.9% aluminium.

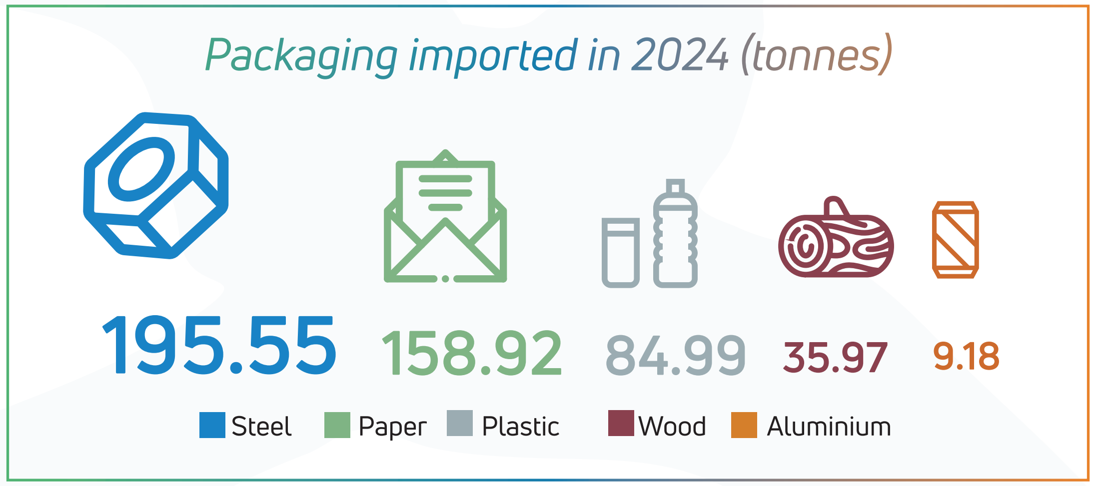


Chart 10 – Total weight of imported packaging (2024)

This figure is only a limited portion of the total amount of packaging used. Indeed, it only refers to packaging declared to CONAI in connection with imports. At present, these figures are collected through a manual process which extracts information from the company's management system.

LCM is aware of the importance of ensuring greater transparency and traceability throughout the life cycle of packaging, including that used in domestic sales and logistics. Consequently, it has launched a structured debate on how to improve these aspects and is committed to enhancing data collection and management system during 2025, also in view of the increasingly stringent requirements of the EU's Packaging and Packaging Waste Regulation, approved in 2024.

Regulatory compliance and sustainability

In response to Legislative decree no 116 of 3 September 2020, which transposes EU directives 2018/851 and 2018/852 on waste and packaging, LCM has launched a process to comply with the environmental labelling obligations for packaging. A communication was sent to all suppliers, requesting a statement of conformity for applying the alphanumeric coding of composition materials, in accordance with Decision 129/97/EC. In addition, a specific wording has been integrated into the company's management system, which appears on all purchase orders, contractually binding suppliers to comply with these obligations.

Annex 1

Annex 1

Tables on training

List of non-mandatory training courses 2024		
TOPIC	**COURSE DETAILS**	**DELIVERED AS**
SUSTAINABILITY	• Sustainability reporting, focusing on Scope 3	Webinar
	• Tools for sustainable SMEs: Finlombarda series of workshops on sustainability and innovation	Webinar
SOFT SKILLS	• Self-esteem, self-efficacy and self leadership	Classroom
	• The effectiveness of corporate roles	Workshop
	• Management of customer relationships.	Classroom
	• Self-esteem, self-efficacy and self leadership	Classroom
	• Public speaking	Classroom
	• Working with the team: because collaboration makes goals possible!	Classroom
	• Emotional intelligence, self-efficacy and self-leadership	Classroom
	• Stress management	Classroom
	• Team management	Classroom
SUPPLY CHAIN	• The Suez canal crisis: critical issues in international trade contracts	Webinar
	• Negotiation	Webinar
	• Distribution of chemicals: do you know your obligations?	Webinar
	• Microplastics: learning about restriction and the importance of testing	Webinar
	• Deforestation regulation: from 30 December 2024, new requirements for operators	Webinar
	• Notifications of hazardous mixtures: CN portal and UFI generator.	Webinar
	• Incoterms 2020	Webinar
	• Contract for the carriage of goods: drafting techniques, safeguard clauses and analysis of some critical issues.	Webinar
SUPPLY CHAIN	• Introduction to risk analysis	Webinar
	• Importers facing the CBAM	Webinar
	• Import of active pharmaceutical ingredients, regulations, practical cases and operational tips	Webinar
	• Safe & sustainable	Webinar
	• Emissions measurement and GHC protocol	Webinar
	• Chemical contaminants in the food chain: from field to table, new assessments and limits	Webinar
	• Distribution of pharmaceutical active substances: roles and responsibilities	Webinar
	• Drafting of the paper Novel food in European legislation: critical analysis of Regulations (EU) 2015/2283 and 456/2015 and responses of member states	On-site conference
	• Introduction to safety data sheets (SDS)	Webinar
	• Zero deforestation: the regulation	Webinar
	• EU 2023/1115 and the new obligations for companies: European legislation, critical analysis of Regulations (EU) 2015/2283 and 456/2015 and responses of member states	Webinar
HR MANAGEMENT	• HR MANAGEMENT Intensive Programme_ Attracting, retaining and motivating people	Classroom
MARKETING	• Technical marketing excellence	Classroom
GMP/GDP/ REACH	• GMP overview and new trends	Webinar
	• Classification and labelling notifications: REACH-IT replacing IUCLID6.	Webinar
	• 22nd conference on product safety – The CLP Regulation gets a makeover: upcoming requirements and challenges for companies • Refresh GMP-Introduction to the GMP API	Webinar
	• Introduction to the Reach Regulation (EC) No. 1907/2006	Webinar
	• CLP Regulation (ec) No.1272/2008	Webinar
	• National QP meeting: regulatory update and GMP API	Webinar

Table 27 – List of non-mandatory training courses (2024)

GRI content index

Statement of use	LCM Trading S.p.A. has reported with reference to GRI standards for the reporting period from 1 January 2024 to 31 December 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standards	N/A

GRI STANDARD	DISCLOSURE	POSITION
GRI 2: General Disclosures 2021	2-1 Organizational details	Methodology for reporting non-financial information
	2-2 Entities included in the organization's sustainability reporting	Methodology for reporting non-financial information
	2-3 Reporting period, frequency and contact point	Methodology for reporting non-financial information
	2-4 Restatements of information	Methodology for reporting non-financial information
	2-5 External assurance	Methodology for reporting non-financial information – Letter of Assurance
	2-6 Activities, value chain and other business relationships	LCM Group: raw materials for the industries of the future – Responsible supply chain management: transparency, quality and sustainability
	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 based on solidity, continuity and innovation
	2-10 Nomination and selection of the highest governance body	Governance based on solidity, continuity and innovation
	2-11 Chair of the highest governance body	Governance based on solidity, continuity and innovation
	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	Impact analysis: the precondition to sustainability
	2-15 Conflicts of interest	NA
	2-16 Communication of critical concerns	NA
	2-17 Collective knowledge of the highest governance body	NA
	2-18 Evaluation of the performance of the highest governance body	NA
	2-19 Remuneration policies	NA
	2-20 Process to determine remuneration	NA
	2-21 Annual total compensation ratio	NA
	2-22 Statement on sustainable development strategy	Letter to the stakeholders
	2-23 Policy commitments	NA

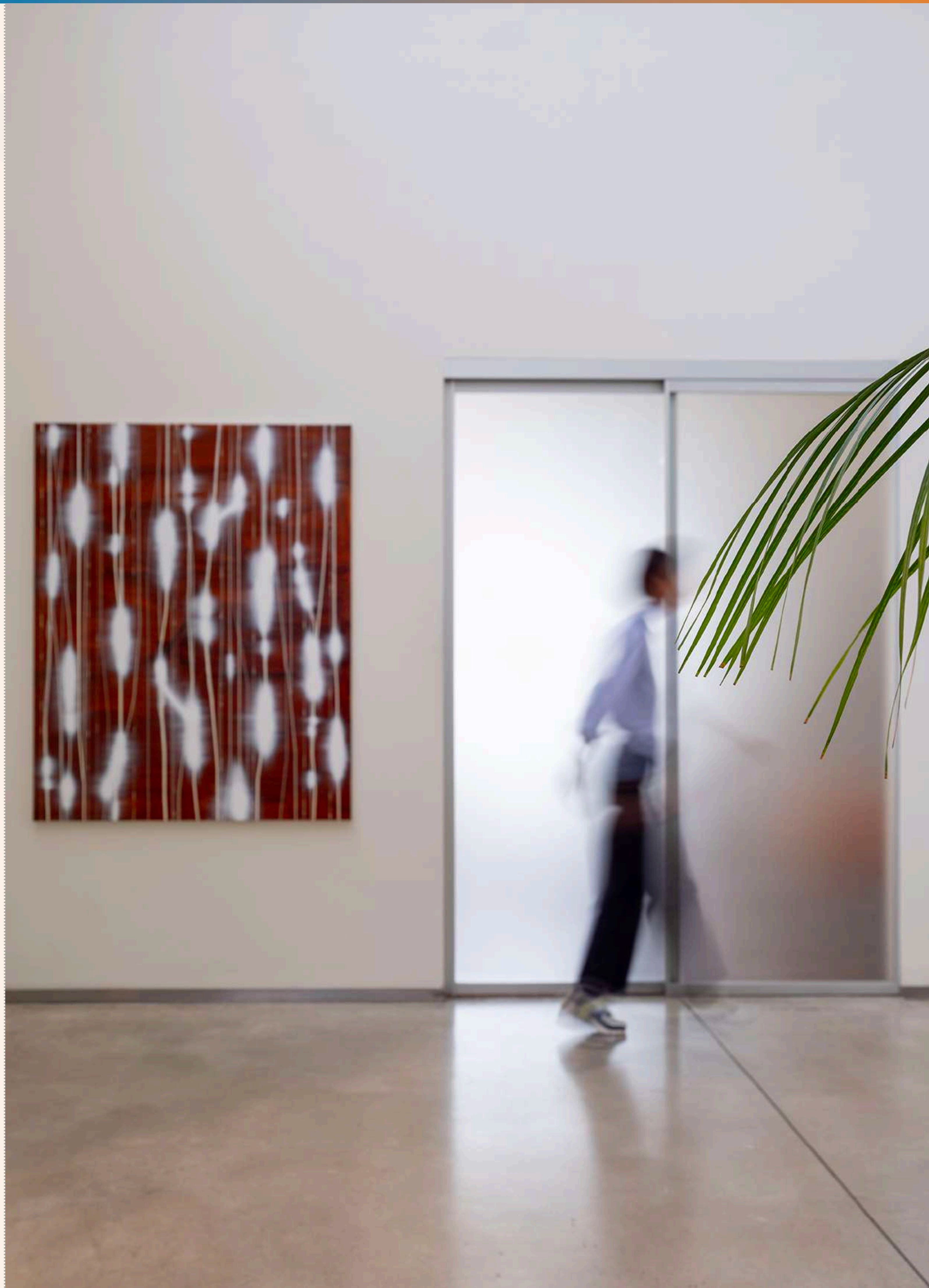
GRI STANDARD	DISCLOSURE	POSITION
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	NA
	2-25 Processes to remediate negative impacts	NA
	2-26 Mechanisms for seeking advice and raising concerns	NA
	2-27 Compliance with laws and regulations	Ethics and values at the core of our identity
	2-28 Membership associations	Associations
	2-29 Approach to stakeholder engagement	Ongoing dialogue with stakeholders
	2-30 Collective bargaining agreements	Our people, our biggest capital
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Impact analysis: the precondition to sustainability
	3-2 List of material topics	Impact analysis: the precondition to sustainability
	3-3 Management of material topics	Impact analysis: the precondition to sustainability
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 due to climate change	NA
	201-3 Defined benefit plan obligations and other retirement plans	NA
	201-4 Financial assistance received from government	NA
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	NA
	202-2 Proportion of senior management hired 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 2026	204-1 Proportion of spending 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	Ethics and values at the core of our identity
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethics and values at the core of our identity
GRI 207: Tax 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	Materials and packaging: transparency, traceability and future commitments
	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 organization	A key point: energy management
	302-2 Energy consumption outside of the organization	NA
	302-3 Energy intensity	NA
	302-4 Reduction of energy consumption	NA
	302-5 Reductions in energy requirements of products and services	NA
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 in, 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) GHG emissions	Emissions: monitoring and continuous improvement
	305- 2 Energy indirect (Scope 2) GHG emissions	Emissions: monitoring and continuous improvement
	305-3 Other indirect (Scope 3) GHG emissions	Emissions: monitoring and continuous improvement
	305-4 GHG emission intensity	NA
	305-5 Reduction of GHG emissions	Emissions: monitoring and continuous improvement
	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 and responsibility in waste management
	306-2 Management of significant waste-related impacts	Commitment and responsibility in waste management
	306-3 Waste generated	Commitment and responsibility in waste management
	306-4 Waste diverted from disposal	NA
	306-5 Waste directed to disposal	Commitment and responsibility in waste management
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 employee turnover	New employee hires and employee turnover
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	NA
	401-3 Parental leave	Focus on people: corporate welfare and well-being
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	NA
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 Programs for upgrading employee skills and transition assistance programs	NA
	404-3 Percentage of employees receiving regular performance and career development reviews	Regular performance and career development review
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our people, our biggest capital – Governance based on solidity, continuity and innovation – Equal opportunities, non-discrimination and deconstruction of prejudice: a constant commitment
	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	Ethics and values at the core of our identity – Equal opportunities, non-discrimination and elimination of prejudice: a constant commitment
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 Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	NA
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	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 programs	Creating shared value
	413-2 Operations with significant actual and potential negative impacts on local communities	NA
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 actions 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 industries of the future
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	NA
	417-2 Incidents of non-compliance concerning product and service information and labeling	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 Group: raw materials for the industries of the future

Table 28 – GRI Content Index



Letter of assurance

Independent assurance statement

SGS Italia S.p.A. has been engaged by the management of LCM Trading S.p.A. (The "Company" or "LCM") to perform an assurance engagement on the 2024 Sustainability Report prepared with reference to the Global Reporting Initiative Sustainability Reporting Standards defined in 2021 by GRI – Global Reporting Initiative (the "2021 GRI Standards").

Our responsibility for conducting the engagement in accordance with the terms of reference agreed upon with the Company, is solely towards the management of LCM.

This independent assurance statement is intended solely for 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

The directors of LCM are responsible for the preparation of the Sustainability Report based on the guidelines set out in the "2021 GRI Standards" and for the definition of the sustainability performance goals and for reporting the results achieved.

The directors of LCM are also responsible for identifying the stakeholders and the material aspects to be reported as well as for implementing and maintaining adequate management and internal control processes relating to the data and information disclosed in the Sustainability Report.

AUDITORS' INDEPENDENCE AND QUALITY CONTROL

We are independent of LCM and we believe that there are no conflicts of interest with the Company, its subsidiaries and the stakeholders.

We maintain a quality control system that includes directives and documented procedures on compliance with ethical and professional principles.

AUDITORS' RESPONSIBILITY

We are responsible for expressing a conclusion on the reliability and accuracy of the information, data and assertions disclosed in the 2024 Sustainability Report and on their compliance with the applicable requirements in the scope of the engagement described below, in order to inform all stakeholders.

Our work has included the following activities, in accordance with that agreed with LCM:

- *limited assurance engagement* on the sustainability activities and data covering the period from 1 January 2024 to 31 December 2024, as reported in the Sustainability Report;
- assessment of the reporting principles set out in the **2021 GRI Standards** according to the "*with reference*" option.

We conducted our engagement in accordance with "*International Standard on Assurance Engagement 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000),* issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires compliance with the applicable principles of ethics and independence and that we plan and apply procedures in order to obtain limited assurance that the Sustainability Report is free from material misstatement.

ASSURANCE METHODOLOGY

The procedures performed consisted of activities aimed at assessing compliance with the standards for the definition of the content and quality of the Sustainability Report, as per the "2021 GRI Standards". They may be summarised as follows:

- using interviews, analysis of the governance system and the process to manage the topics connected to sustainable development regarding the Company's strategies and operations;
- analysis of the process aimed at defining the material topics reported in the Sustainability Report, with reference to the methods for analysing and understanding the reference context, identification, evaluation and prioritisation of actual and potential impacts, and internal validation of the results of the process;

- analysis of the internal compliance and consistency of the qualitative information disclosed in the Sustainability Report and analysis of the processes underpinning the generation, disclosure and management of the quantitative data included in the Sustainability Report. In particular, we performed the following activities:
    - > interviews with LCM's contacts involved in the operational management of the topics covered by the Sustainability Report in order to gather information about the information, accounting and reporting systems used to prepare the Sustainability Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and submission of data and information to the department in charge of the preparation of the Sustainability Report;
    - > sample analysis of the supporting documentation in order to obtain evidence of the processes under way, their adequacy and of the operation of the internal control system underlying the correct processing of the data and information with respect to the objectives described in the Sustainability Report.

The engagement team was selected based on the technical know-how, experience and qualification of the individual members with respect to the various sustainability matters considered.
We carried out our engagement onsite in July 2024, involving several company departments in order to check the reliability of the data collection and consolidation process.

LIMITATIONS TO THE ENGAGEMENT

The financial information and data included in the 2024 financial statements and disclosed in the Sustainability Report, have not been audited by us.

CONCLUSION

Based on the work performed, nothing has come to our attention that causes us to believe that the 2024 Sustainability Report of LCM has not been prepared, in all material respects, with reference to the GRI Standards.

Milan, 29.07.2025
SGS Italia S.p.A.

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